5064. By Mr. WOLCOTT: Petition of Fred L. Riggin and 26 others, of Port Huron, Mich., opposing the spending policies of the Government, and including certain suggestions for a recovery program; to the Committee on Appropriations.

5065. By the SPEAKER: Petition of the Citizens Vigilance Association of America, petitioning Congress to expedite wage and hour legislation; to the Committee on Labor.

5066. Also, petition of the Brotherhood of Railroad Trainmen, asking for further appropriations for the Senate Civil Liberties Committee; to the Committee on Appropriations.

5067. Also, resolution of the city of New York, memorializing Congress to take all appropriate action to enact the wage and hour legislation now pending in Congress; to the Committee on Labor.

5068. Also, resolution of the Council of the City of New York, requesting the Congress to enact legislation permitting the home owners to have reasonable time to redeem foreclosed property; to the Committee on Banking and Currency.

SENATE

MONDAY, MAY 9, 1938

(Legislative day of Wednesday, April 20, 1938)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, May 5, 1938, was dispensed with, and the Journal was approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 10216) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1939, and for other purposes, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DOCKWEILER, Mr. RABAUT, Mr. FERNANDEZ, Mr. HOUSTON, and Mr. POWERS were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the amendment of the Senate to the following bill and joint resolution of the House:

H. R. 9725. An act to liberalize the provisions of existing laws governing death-compensation benefits for widows and children of World War veterans, and for other purposes; and

H. J. Res. 150. Joint resolution to permit a compact or agreement between the States of Idaho and Wyoming respecting the disposition and apportionment of the waters of the Snake River and its tributaries, and for other purposes.

The message further announced that the House had agreed to the amendments of the Senate to each of the following bills of the House:

H. R. 6652. An act to provide for the administration and maintenance of the Natchez Trace Parkway, in the States of Mississippi, Alabama, and Tennessee, by the Secretary of the Interior, and for other purposes; and

H. R. 9784. An act to authorize an appropriation to aid in defraying the expenses of the observance of the seventy-fifth anniversary of the Battle of Gettysburg, to be held at Gettysburg, Pa., from June 29, to July 6, 1938, and for other purposes.

The message also announced that the House had passed a bill (H. R. 10140) to amend the Federal Aid Road Act, approved July 11, 1916, as amended and supplemented, and for other purposes, in which it requested the concurrence of the Senate.

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the Vice President:

S. 2650. An act to authorize the completion, maintenance, and operation of the Fort Peck project for navigation, and for other purposes;

H. R. 906. An act for the relief of McShain Co., Inc.;

H. R. 1099. An act for the relief of the New York & Baltimore Transportation Line, Inc.;

H. R. 1249. An act for the relief of L. M. Crawford;

H. R. 1258. An act for the relief of E. G. Briseno and Hector Briseno, a minor;

H. R. 1904. An act for the relief of Florenz Gutierrez;

H. R. 1930. An act for the relief of William H. Ames;

H. R. 2006. An act to permit certain special-delivery messengers to acquire a classified status through noncompetitive examination;

H. R. 3609. An act to protect the salaries of rural letter carriers who transfer from one rural route to another;

H. R. 4018. An act for the relief of Orville Ferguson;

H. R. 4275. An act to correct United States citizenship status of certain persons born in Puerto Rico, and for other purposes;

H. R. 4340. An act for the relief of J. F. Stinson;

H. R. 4564. An act for the relief of the Floridian Press of Jacksonville, Inc., Jacksonville, Fla.;

H. R. 4819. An act for the relief of Joseph Zani;

H. R. 5056. An act for the relief of A. R. Wickham;

H. R. 5623. An act for the relief of Darwin Engstrand, a minor;

H. R. 5842. An act for the relief of John G. Edwards;

H. R. 5867. An act for the relief of Peter Wettern;

H. R. 6062. An act for the relief of Harry P. Russell, a minor;

H. R. 6479. An act for the relief of Guy Salisbury, alias John G. Bowman, alias Alva J. Zenner;

H. R. 6656. An act making the 11th day of November in each year a legal holiday;

H. R. 6708. An act for the relief of S. T. Roebuck;

H. R. 6780. An act for the relief of Mildred G. Yund;

H. R. 6803. An act for the relief of Mrs. Newton Petersen;

H. R. 6885. An act for the relief of Ephriam J. Hicks;

H. R. 7259. An act to authorize the conveyance by the United States to the city of Ketchikan, Alaska, of a certain tract of land in the town site of Ketchikan;

H. R. 7443. An act for the relief of Wilson H. Parks, Elsa Parks, and Jessie M. Parks;

H. R. 7500. An act for the relief of Shelba Jennings;

H. R. 7521. An act for the relief of Joe F. Pedlichek;

H. R. 7601. An act for the relief of Eula Scruggs;

H. R. 7675. An act for the relief of Newark Concrete Pipe Co.;

H. R. 7796. An act for the relief of Frank Scofield;

H. R. 8403. An act to ratify and confirm Act 23 of the Session Laws of Hawaii, 1937, extending the time within which revenue bonds may be issued and delivered under Act 174 of the Session Laws of Hawaii, 1935;

H. R. 9042. An act to amend section 2 of the act to incorporate the Howard University;

H. R. 9198. An act for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department;

H. R. 9226. An act to amend the act of March 9, 1928, authorizing appropriations to be made for the disposition of remains of military personnel and civilian employees of the Army, and for other purposes;

H. R. 9286. An act to extend the time for completing the construction of a bridge across the Ohio River at or near Cairo, Ill.;

H. R. 9349. An act for the relief of the Nicolson Seed Farms, a Utah corporation;

H. R. 9415. An act to amend the act entitled "An act to establish a Civilian Conservation Corps, and for other purposes," approved June 28, 1937;

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

H. R. 9526. An act to amend the act of May 27, 1908, authorizing settlement of accounts of deceased officers and enlisted men of the Navy and Marine Corps;

H. R. 9601. An act to amend the acts for promoting the circulation of reading matter among the blind;

H. R. 9760. An act to amend the act of March 2, 1899, as amended, to authorize the Secretary of War to permit allotments from the pay of military personnel and permanent civilian employees under certain conditions;

H. R. 9764. An act to authorize an appropriation for reconstruction at Fort Niagara, N. Y., to replace loss by fire;

H. R. 9784. An act to authorize an appropriation to aid in defraying the expenses of the observance of the seventy-fifth anniversary of the Battle of Gettysburg, to be held at Gettysburg, Pa., from June 29 to July 6, 1938, and for other purposes;

H. R. 9912. An act to convey to the University of Alaska a tract of land for use as the site of a fur farm experiment station;

H. R. 9942. An act to authorize the conveyance of the Mattapoisett (Ned Point) Lighthouse Reservation at Mattapoisett, Mass., to the town of Mattapoisett;

H. R. 9973. An act to improve the efficiency of the Lighthouse Service, and for other purposes;

H. R. 10085. An act to authorize the payment of an indemnity to the Norwegian Government in full and final satisfaction of all claims based on the detention and treatment of the crew of the Norwegian steamer *Sagatind* subsequent to the seizure of this vessel by the United States Coast Guard cutter *Seneca* on October 12, 1924;

H. R. 10316. An act to amend section 203 of the Merchant Marine Act, 1936, and for other purposes;

H. J. Res. 141. Joint resolution to authorize the issuance to Sekizo Takahashi of a permit to reenter the United States;

H. J. Res. 150. Joint Resolution to permit a compact or agreement between the States of Idaho and Wyoming respecting the disposition and apportionment of the waters of the Snake River and its tributaries, and for other purposes;

H. J. Res. 599. Joint resolution to set apart public ground for the Smithsonian Gallery of Art, and for other purposes; and

H. J. Res. 636. Joint resolution to authorize an appropriation for the expenses of participation by the United States in the Fourth International Conference on Private Air Law.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Hitchcock	Nye
Andrews	Copeland	Holt	O'Mahoney
Ashurst	Davis	Johnson, Colo.	Overton
Austin	Dieterich	King	Pittman
Bailey	Donahey	La Follette	Pope
Bankhead	Duffy	Lee	Radcliffe
Barkley	Ellender	Lodge	Russell
Bilbo	Frazier	Logan	Schwellenbach
Bone	George	Lonergan	Sheppard
Borah	Gerry	Lundeen	Shipstead
Brown, Mich.	Gibson	McAdoo	Thomas, Okla.
Brown, N. H.	Gillette	McCarran	Thomas, Utah
Bulkley	Glass	McGill	Townsend
Bulow	Green	McKellar	Truman
Burke	Guffey	McNary	Tydings
Byrd	Hale	Maloney	Vandenberg
Byrnes	Harrison	Miller	Van Nuys
Capper	Hatch	Minton	Walsh
Caraway	Hayden	Murray	White
Chavez	Herring	Neely	
Clark	Hill	Norris	

Mr. MINTON. I announce that the Senator from Delaware [Mr. HUGHES] and the Senator from Oregon [Mr. REAMES] are detained from the Senate because of illness.

The Senator from Tennessee [Mr. BERRY], the Senator from Illinois [Mr. LEWIS], the Senators from New Jersey [Mr. MILTON and Mr. SMATHERS], the Senator from Florida [Mr. PEPPER], the Senator from North Carolina [Mr. REYNOLDS], the Senator from South Carolina [Mr. SMITH], and the Senator from New York [Mr. WAGNER] are detained on important public business.

The Senator from Wyoming [Mr. SCHWARTZ] and the Senator from Montana [Mr. WHEELER] are unavoidably detained.

Mr. McNARY. I announce that the Senator from California [Mr. JOHNSON] is necessarily absent from the Senate.

Mr. AUSTIN. I announce that the Senator from New Hampshire [Mr. BRIDGES] is necessarily absent.

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

LEGISLATIVE APPROPRIATIONS—CONFERENCE

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 10216) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1939, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. TYDINGS. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. TYDINGS, Mr. BYRNES, Mr. ADAMS, Mr. MCCARRAN, and Mr. HALE conferees on the part of the Senate.

REHEARINGS AND COURT REVIEWS UNDER FEDERAL POWER ACT—MOTION TO RECONSIDER

Mr. MINTON. Mr. President, at the last call of the calendar there was passed by unanimous consent Senate bill 3793, to amend section 313 of the Federal Power Act, with respect to rehearings and court review of orders or findings made under such act. I was not on the floor at the time, and I wish at this time to enter a motion to reconsider the vote by which the bill was passed.

The VICE PRESIDENT. The motion to reconsider will be entered.

PROPOSED AUDITORIUM IN WASHINGTON, D. C.

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting, pursuant to law, a report on the feasibility of constructing an auditorium in the city of Washington, D. C., which was referred to the Committee on Public Buildings and Grounds.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the City Council of New York City, N. Y., favoring the enactment of legislation to give home owners reasonable time to redeem property foreclosed by the Home Owners' Loan Corporation, which was referred to the Committee on Banking and Currency.

He also laid before the Senate resolutions adopted by Lodge No. 187, of Buffalo, N. Y., and Lodge No. 370, of Parsons, Kans., both of the Brotherhood of Railroad Trainmen, favoring the adoption of the resolution (S. Res. 266) increasing the limit of expenditures for the investigation of violations of the right of free speech and assembly and interference with the right of labor to organize and bargain collectively, which were referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

He also laid before the Senate a resolution adopted by the Veterans' Relief Commission of Madison County, Ill., favoring the initiation of public-works projects to provide employment for veterans and other citizens who are out of work, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by the Democratic convention of Orangeburg County, S. C., favoring the policy of the Secretary of State relating to tariff adjustment through reciprocal-trade agreements, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted at Birmingham, Ala., by the quadrennial session of the General Conference of the Methodist Episcopal Church, favoring the adoption of such policies as will prevent the material and financial resources of the United States from being used directly or indirectly by Japan in that nation's conflict with

China, which was referred to the Committee on Foreign Relations.

Mr. COPELAND presented a resolution adopted by the City Council of New York City, N. Y., favoring the enactment of Senate bill 2475, to establish fair labor standards in employment, which was ordered to lie on the table.

Mr. LODGE presented a resolution adopted by the Taxpayers' Association of Brookline, Mass., protesting against the appropriation of additional funds for unemployment relief except those which are necessary to supplement the relief programs of the several States and to assist those persons actually in need, which was referred to the Committee on Appropriations.

RESOLUTIONS FAVORING PRESIDENT ROOSEVELT'S RECOVERY PROGRAM

Mr. MURRAY. Mr. President, I send to the desk for appropriate reference and ask to have printed in the RECORD two sets of resolutions from Montana, together with the letters of transmittal.

There being no objection, the resolutions and letters were referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

BUTTE MINERS' UNION No. 1,
I. U. OF M., M. AND S. W.,
Butte, Mont., April 28, 1938.

Hon. JAMES E. MURRAY,
United States Senate, Washington D. C.

DEAR SENATOR: Enclosed is a copy of a resolution recently adopted by the Butte Miners' Union, No. 1, which is self-explanatory.

Knowing your past record in matters of this nature, we feel sure that you will use your influence to secure the passage of legislation to provide for the welfare of the unfortunate and destitute people of this Nation.

Thanking you for past favors, we remain,

Sincerely yours,

BUTTE MINERS' UNION, NO. 1,
By WALTER R. SMITH, *Secretary.*

[Enclosure]

Resolution in support of President Roosevelt's recovery program

Whereas President Roosevelt's recovery program seeks to provide for the pressing needs of the American people through appropriations of more than $3,000,000,000 for increased relief and W. P. A., special aid to the farmers and the youth, and which would provide for a long-awaited housing program through which employment would be considerably increased; and

Whereas the President's recovery program, so vitally necessary to the interests of the American people, is threatened by attacks of monopoly financial and industrial groups through pressure campaigns, artificially stimulated with the aid of millions of dollars, also through the corporation-controlled press, and being further threatened by restrictive amendments; and

Whereas the President has correctly stated that the future of American democracy is to a large degree dependent on the measures to be taken by the National Government to insure the economic security and to raise the purchasing power of the American people; and

Whereas the recovery program would bring immense benefits to the workers, farmers, and small business groups of Montana: Therefore be it

Resolved, That the Butte Miners' Union declare its wholehearted endorsement of President Roosevelt's recovery program as stated in his message to Congress; and declare its opposition to restrictive amendments now being put forth by reactionary forces; and be it further

Resolved, That the Miners' Union shall organize every possible means of support in behalf of this program instructing its delegates to the Silver Bow Trades and Labor Council and to the May 1 convention of the Montana Council for Progressive Political Action to urge adoption of similar resolutions by those bodies; and be it finally

Resolved, That copies of this resolution be sent to President Roosevelt, to our Montana Congressman and Senators, to the Montana Labor News, Peoples Press, Eye-Opener, and also be referred to the press committee for appropriate comment in the next issue of the Miner's Voice.

DEMOCRATIC COUNTY CENTRAL COMMITTEE,
CONRAD, MONT., *April 28, 1938.*

MR. JAMES E. MURRAY,
Senator, Washington, D. C.

DEAR SENATOR: We are enclosing herewith a copy of a set of resolutions adopted at a meeting of the voters of Pondera County, Mont., called by myself as chairman of the county Democratic central committee.

These resolutions express the opinions of this body of representative voters of our county, and were adopted unanimously without a dissenting vote or voice.

It was ordered that one copy be sent to the President, and one copy to Postmaster General Farley, and a copy to each of our Senators and Congressmen. We are forwarding these resolutions to express to you the general attitude of the members of our party toward the present administrative program.

Yours very truly,

E. F. WYSE,
Chairman, Democratic County Central Committee.

[Enclosure]

Whereas at a meeting called by the chairman of the Democratic County Central Committee of Pondera County, and held in the city of Conrad this 27th day of April 1938, a free and open discussion has been had concerning the trend of national events during recent months; and

Whereas after such discussion it appears to be the consensus of opinion of all those present that President Roosevelt and his advisers have taken a wise and courageous course in meeting the present crisis: Therefore be it

Resolved, That this meeting express in emphatic terms its faith in and fidelity to the leadership of President Roosevelt and pledge to his administration such support as we may be able to render in carrying forward the program as outlined by the President in his recent speeches and messages to Congress; and be it further

Resolved, That we consider the loud cry of danger of a dictatorship as propaganda by those opposed to the broad objectives of the President's program, and that in reality there is no such danger unless the reactionary forces that brought the country to the brink of ruin from 1929 to 1933 should again gain control of the National Government, and we believe that the Government of this country was operated under a virtual dictatorship of entrenched financial and industrial interests immediately previous to the election of President Roosevelt, and that the greatest danger to the liberties of the people would be in a return to those conditions rather than continuing the course planned by our great President; and be it further

Resolved, That we respectfully request our two United States Senators and Representatives in Congress to support the administration policies, and to discourage and discontinue any policy of hampering the general recovery policy by needless opposition and criticism, now therefore, your committee requests that a copy of these resolutions be spread upon the minutes of the Democratic county central committee records, and a copy be mailed to each of our United States Senators and Members in Congress.

E. F. WYSE,
Chairman, Democratic County Central Committee.

Resolution Committee: H. W. Conrad, A. E. Kathan, Wallace Busey, Oliver Ellingson, and Wallace Kingsbury.

AGRICULTURAL DEPARTMENT APPROPRIATIONS—REPORT

Under authority of the order of the Senate of the 5th instant, Mr. RUSSELL, from the Committee on Appropriations, to which was referred the bill (H. R. 10238) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1939, and for other purposes, reported it on May 7, 1938, with amendments and submitted a report (No. 1727) thereon.

REPORTS OF COMMITTEES

Mr. BAILEY, from the Committee on Claims, to which was referred the bill (S. 3940) authorizing the Comptroller General of the United States to adjust and settle the claim of Oscar L. Mather, reported it without amendment and submitted a report (No. 1728) thereon.

He also, from the same committee, to which was referred the bill (S. 3739) for the relief of Alpha T. Johnson, reported it with amendments and submitted a report (No. 1729) thereon.

He also (for Mr. MILTON), from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 3034. A bill for the relief of Faye V. Millie (Rept. No. 1738); and

S. 3534. A bill for the relief of Christ Rieber (Rept. No. 1739).

Mr. BAILEY also (for Mr. MILTON), from the Committee on Claims, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 2948. A bill for the relief of A. J. Moses (Rept. No. 1740); and

S. 3470. A bill for the relief of Louis M. Foster (Rept. No. 1741).

Mr. BAILEY also (for Mr. SCHWARTZ), from the Committee on Claims, to which was referred the bill (S. 529) for the relief of Missoula Brewing Co., reported it with an amendment and submitted a report (No. 1746) thereon.

He also (for Mr. SCHWARTZ), from the same committee, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 3719. A bill for the relief of Manuel L. Clay (Rept. No. 1748); and

S. 3720. A bill for the relief of Edward M. Jones (Rept. No. 1747).

Mr. CAPPER, from the Committee on Claims, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 3446. A bill for the relief of Richard K. Gould (Rept. No. 1730); and

S. 3587. A bill for the relief of Mr. and Mrs. P. F. Nixon, parents of Herschel Lee Nixon, deceased minor son (Rept. No. 1731).

Mr. TOWNSEND, from the Committee on Claims, to which was referred the bill (H. R. 4222) for the relief of Mary Kane, Ella Benz, Muriel Benz, John Benz, and Frank Restis, reported it without amendment and submitted a report (No. 1732) thereon.

He also, from the same committee, to which was referred the bill (S. 662) for the relief of Bertram Rich, reported it with amendments and submitted a report (No. 1733) thereon.

Mr. BROWN of Michigan, from the Committee on Claims, to which was referred the bill (H. R. 1872) for the relief of Martin Bridges, reported it with an amendment and submitted a report (No. 1734) thereon.

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 2208) for the relief of Bruce G. Cox, reported it without amendment and submitted a report (No. 1735) thereon.

He also, from the same committee, to which were referred the following bill and joint resolution, reported them each with amendments and submitted reports thereon:

S. 3181. A bill for the relief of Leslie Truax (Rept. No. 1737); and

S. J. Res. 114. Joint resolution for the relief of certain persons who suffered damages occasioned by the establishment and operation of the Aberdeen Proving Ground (Rept. No. 1736).

Mr. SCHWELLENBACH, from the Committee on Claims, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 3113. A bill for the relief of George W. Mason, trustee for the Congress Construction Co. (Rept. No. 1742); and

S. 3295. A bill for the relief of Dravo Corporation (Rept. No. 1751).

Mr. SCHWELLENBACH also, from the Committee on Claims, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

H. R. 5743. A bill for the relief of Haffenreffer & Co., Inc., (Rept. No. 1743); and

S. 3294. A bill for the relief of Dravo Corporation (Rept. No. 1744).

Mr. MILLER, from the Committee on Military Affairs, to which was referred the bill (S. 3917) authorizing the President to present gold medals to Mrs. Robert Aldrich and posthumously to Anna Bouligny, reported it without amendment and submitted a report (No. 1745) thereon.

Mr. COPELAND, from the Committee on Commerce, to which was referred the bill (S. 3276) to amend the Merchant Marine Act of 1936, and for other purposes, reported it with amendments and submitted a report (No. 1749) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (H. R. 9123) to authorize the Secretary of War to lease to the village of Youngstown, N. Y., a portion of the Fort Niagara Military Reservation, N. Y., reported it without amendment and submitted a report (No. 1750) thereon.

Mr. BURKE, from the Committee on the Judiciary, to which was referred the bill (H. R. 4650) to amend section 40 of the United States Employees' Compensation Act, as amended, reported it without amendment and submitted a report (No. 1752) thereon.

Mr. CONNALLY, from the Committee on Public Buildings and Grounds, to which was referred the bill (S. 3873) to authorize the construction and operation of an auditorium in the District of Columbia, reported it with amendments and submitted a report (No. 1753) thereon.

Mr. McKELLAR (for Mr. GLASS), from the Committee on Appropriations, to which was referred the joint resolution (H. J. Res. 623) making available additional funds for the United States Constitution Sesquicentennial Commission, reported it with an amendment and submitted a report (No. 1754) thereon.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

He also, from the same committee, reported adversely the nomination of Frank James Growney to be postmaster at Englewood, N. J., in place of M. A. Whyard, transferred.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BAILEY:

A bill (S. 3967) for the relief of Mabel Foote Ramsey, widow of William R. Ramsey, Jr., late special agent of the Federal Bureau of Investigation of the Department of Justice; to the Committee on Claims.

By Mr. DAVIS:

A bill (S. 3968) for the relief of Willie H. Lovinggood; to the Committee on Finance.

By Mr. LODGE:

A bill (S. 3969) to amend section 23 of the act of March 4, 1909, relating to copyrights; to the Committee on Patents.

By Mr. BANKHEAD:

A bill (S. 3970) to extend the times for commencing and completing the construction of a bridge and causeway across the water between the mainland, at or near Cedar Point and Dauphin Island, Ala.; to the Committee on Commerce.

By Mr. MILLER:

A bill (S. 3971) for the relief of Frieda White; to the Committee on Claims.

By Mr. HARRISON:

A bill (S. 3972) to amend the Second Liberty Bond Act, as amended; to the Committee on Finance.

By Mr. MURRAY:

A bill (S. 3973) to add certain lands to the Sequoia National Park, Calif.; to the Committee on Public Lands and Surveys.

By Mr. LONERGAN:

A bill (S. 3974) to amend section 3 of the Civil Service Retirement Act of May 29, 1930, as amended; to the Committee on Civil Service.

A bill (S. 3975) for the relief of Francis M. Johnston; to the Committee on Claims.

By Mr. LOGAN:

A bill (S. 3976) to authorize the appropriation of funds for the development of rotary-wing aircraft; to the Committee on Military Affairs.

By Mr. COPELAND:

A bill (S. 3977) for the relief of Joseph Brum and Gussie Brum; to the Committee on Immigration.

By Mr. BYRD:

A bill (S. 3978) to exempt certain agricultural cooperatives from the District of Columbia business privilege tax; and

A bill (S. 3979) to exempt certain persons from the license requirements of title VI of the District of Columbia Revenue Act of 1937, as amended; to the Committee on the District of Columbia.

By Mr. THOMAS of Oklahoma:

A bill (S. 3980) relating to restrictions of Osage property acquired by descent or devise; to the Committee on Indian Affairs.

By Mr. BARKLEY (for Mr. BERRY):

A bill (S. 3981) authorizing the President to appoint Paul B. Parker a major, Infantry, United States Army; to the Committee on Military Affairs.

By Mr. TYDINGS (by request):

A bill (S. 3982) to provide revenue for the Government of the Virgin Islands, to equalize taxation in the Virgin Islands, and for other purposes; and

A bill (S. 3983) to amend the Liquor Tax Administration Act, approved June 26, 1936; to the Committee on Territories and Insular Affairs.

By Mr. SHEPPARD:

A bill (S. 3984) for the relief of Barney W. Woods; to the Committee on Military Affairs.

By Mr. WALSH:

A bill (S. 3985) to provide for the creation, organization, administration, and maintenance of a Naval Reserve and a Marine Corps Reserve; to the Committee on Naval Affairs.

By Mr. MILLER:

A joint resolution (S. J. Res. 292) directing the Federal Trade Commission to investigate the methods employed by the manufacturers of motor-vehicle tires; and

A joint resolution (S. J. Res. 293) to provide for a Federal Trade Commission investigation of unfair practices in the use of labels and other devices; to the Committee on Interstate Commerce.

HOUSE BILL REFERRED

The bill (H. R. 10140) to amend the Federal Aid Road Act, approved July 11, 1916, as amended and supplemented, and for other purposes, was read twice by its title and referred to the Committee on Post Offices and Post Roads.

AMENDMENT TO SECOND DEFICIENCY APPROPRIATION BILL

Mr. LONERGAN submitted an amendment intended to be proposed by him to the second deficiency appropriation bill, 1939, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place in the bill to insert the following:

"For the Coast and Geodetic Survey, pursuant to general authority heretofore conferred by law, the sum of $5,000 for installation of seismographic equipment at some station in Connecticut."

DEVELOPMENT AND REGULATION OF CIVIL AERONAUTICS—AMENDMENT

Mr. TRUMAN submitted an amendment in the nature of a substitute intended to be proposed by him to the bill (S. 3845) to create a Civil Aeronautics Authority, and to promote the development and safety and to provide for the regulation of civil aeronautics, which was ordered to lie on the table and to be printed.

CERTAIN PUBLIC WORKS ON RIVERS AND HARBORS—AMENDMENT

Mr. TYDINGS submitted an amendment intended to be proposed by him to the bill (H. R. 10298) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which was referred to the Committee on Commerce and ordered to be printed.

PROMOTIONS IN AMERICAN EXPEDITIONARY FORCES—AMENDMENT

Mr. TYDINGS submitted an amendment intended to be proposed by him to the joint resolution (S. J. Res. 265) to provide for the carrying into effect of certain recommendations made for promotions in the American Expeditionary Forces, which was referred to the Committee on Military Affairs and ordered to be printed.

DEVELOPMENT AND REGULATION OF CIVIL AERONAUTICS

Mr. SCHWELLENBACH. Mr. President, I submit certain amendments to Senate bill 3845, to create a Civil Aeronautics Authority, and to promote the development and safety and to provide for the regulation of civil aeronautics. I ask that those amendments may be printed and printed in the RECORD, and that there may be printed in the RECORD also a short explanation of each amendment.

There being no objection, the amendments intended to be proposed by Mr. SCHWELLENBACH, together with the explanations, were ordered to lie on the table and to be printed in the RECORD, as follows:

(1) On page 6, line 1, beginning with the word "transportation", strike out down to and including the word "in" in line 6.

On page 9, line 7, insert after the comma the following: "including the use of any and all facilities of shipment or carriage, irrespective of any contract, express or implied, for the use thereof, and any and all services in or in connection with such shipment or carriage."

Explanation: This amendment is designed to correct a defect in the definition of "air transportation." As the definitions now read, "air transportation" is defined to mean transportation by an air carrier while the term "air carrier" is defined to mean any citizen of the United States who engages "in air transportation." The use of the term "air transportation" in both definitions renders them meaningless.

(2) On page 17, strike out lines 8 to 13, both inclusive, and insert in lieu thereof the following:

"(b) Transfer of employees and property: Such officers, employees, and property (including office equipment and official records) as the President shall determine to have been employed by the Secretary of Commerce in the exercise and performance of the powers and duties vested in and imposed upon him by the Air Commerce Act of 1926, as amended (44 Stat. 568; U. S. C., 1934 ed., title 49, sec. 171 et seq.), and by the Secretary of Commerce and the Interstate Commerce Commission in the exercise and performance of the powers and duties vested in and imposed upon them by the Air Mail Act of 1934, approved June 12, 1934, as amended (48 Stat. 933, U. S. C., 1934 ed., supp. II, title 39, sec. 469 et seq.), are transferred to the Authority upon such date as the President shall specify by Executive order, without reduction in the classification or compensation of such officers and employees for a."

On page 18, beginning with line 6, strike out down to and including the word "appropriations" in line 16, and insert in lieu thereof the following:

"(c) Transfer of appropriations: Such of the unexpended balances of appropriations."

On page 18, line 23, strike out "are transferred to the Authority" and insert in lieu thereof the following: "as the President shall deem necessary and specify by Executive order, are transferred to the Authority upon such date as the President shall specify in such Executive order."

On page 48, strike out all of lines 14, 15, and 16, and insert in lieu thereof the following: "heretofore or shall hereafter be fixed by orders of the Interstate Commerce Commission, pursuant to proceedings instituted prior to the date of enactment of this act, shall pay compensation for such transportation in accordance with such orders as if this act had not been enacted."

Explanation: Section 1106 (b) of the bill provides that proceedings now pending before the Interstate Commerce Commission for the determination of air-mail rates shall be continued by the Interstate Commerce Commission until concluded. However, subsections (b) and (c) of section 202 provide that the personnel, property, and appropriations of the Interstate Commerce Commission used in connection with such proceedings shall be transferred to the Authority immediately upon the enactment of the act. This provision for immediate transfer of personnel, property, and appropriations would make it impossible for the Commission to continue the mail rate proceedings as is required by section 1106 (b). The continuance of these proceedings by that Commission is important in view of the fact that considerable time and effort have already been devoted to them, and if, upon the enactment of the bill, the proceedings were transferred at once to the Authority, delay would occur while the Authority was becoming familiar with the matter and it would be necessary that a considerable proportion of the work already done in the proceedings be done again. This amendment removes this inconsistency by providing that the transfer of personnel, property, and appropriations to the Authority shall be upon such dates as the President shall specify by Executive order.

(3) On page 20, line 25, strike out the words "or experimental" and insert after "and" the word "service."

On page 24, line 25, insert after the period the following new paragraph:

"(6) The Authority is empowered to undertake or supervise such developmental work and service testing as tends to the creation of improved air-navigation facilities, aircraft, aircraft engines, propellers, and appliances."

Explanation: Section 203 (c) authorizes the Authority to purchase aircraft, aircraft engines, etc., for the purpose of undertaking and supervising "developmental or experimental work and testing." The bill, however, fails to vest in the Authority any express power to undertake such developmental work. Accordingly, the amendment inserts a provision granting the Authority such express power. In addition, the language of the bill above quoted would permit the Authority to undertake developmental and experimental work which would duplicate and conflict with similar work of the National Advisory Committee for Aeronautics. The amendment also changes the language of the bill in this respect so as to remove such conflict of jurisdiction.

(4) On page 32, beginning with the colon in line 9, strike out down to and including the word "interest" in line 13.

Explanation: The proviso stricken out by this amendment empowers the Authority to exempt from the provisions of section 401

of the bill air carriers who are not directly engaged in the operation of aircraft. This provision is unnecessary in view of the fact that a similar authority to exempt such air carriers from any provision of the act is granted in section 1 of the bill.

(5) On page 39, beginning with the word "It" in line 24, strike out down to and including the word "certificate" in line 1 on page 40 and insert in lieu thereof the following: "Whenever so authorized by its certificate, any air carrier."

On page 40, line 21, strike out the words "upon application and."

On page 48, line 6, insert after "authorizing" the word "the"; and insert after "transportation" the words "of mail by aircraft."

On page 48, line 10, before the period, insert a comma and the following: "or upon a determination by the Authority that a certificate should not be issued."

On page 48, line 24, insert after "authorizing" the word "the"; and in line 25 insert after "transportation" the words "of mail by aircraft."

Explanation: The purpose of this amendment is to make it clear that an air carrier may not transport mail unless it is expressly authorized to do so by the Authority in the certificate of convenience and necessity issued to the air carrier. It appears from the language of the bill that it is the theory of the bill that all air carriers who hold certificates from the Authority may transport mail whenever required by the Postmaster General whether or not they are expressly authorized in their certificates to transport mail. It is believed, however, that if an orderly development of all phases of air transportation is to be furthered, the Authority should have the power to determine whether it is consistent with the public convenience and necessity for a particular air carrier to be required to transport mail. Accordingly, the amendment changes the language of the bill so as to clearly provide that an air carrier shall transport mail only when authorized to do so in its certificate by the Authority.

(6) On page 69, strike out all of lines 17 to 25, inclusive, and on page 70 strike out all of lines 1 to 3, inclusive, and insert in lieu thereof the following:

"(a) For any air carrier to have and retain an officer or director who is an officer, director, stockholder, or member in any other person who is a common carrier or is engaged in any phase of aeronautics;

"(b) For any air carrier, knowingly and willfully, to have and retain an officer or director who has a representative or nominee who represents such officer or director as an officer, director, stockholder, or member in any other person who is a common carrier or is engaged in any phase of aeronautics;

"(c) For any person who is an officer or director of an air carrier to hold the position of officer, director, stockholder, or member or to have a representative or nominee who represents such person as an officer, director, stockholder, or member, in any other person who is a common carrier or is engaged in any phase of aeronautics;

"(d) For any air carrier to have and retain an officer or director who is an officer, director, stockholder, or member in any person whose principal business, in purpose or in fact, is the holding of stock in, or control of, any other person engaged in any phase of aeronautics;

"(e) For any air carrier, knowingly and willfully, to have and retain an officer or director who has a representative or nominee who represents such officer or director as an officer, director, stockholder, or member in any person whose principal business, in purpose or in fact, is the holding of stock in, or control of, any other person engaged in any phase of aeronautics; or

"(f) For any person who is an officer or director of an air carrier to hold the position of officer, director, stockholder, or member, or to have a representative or nominee who represents such person as an officer, director, stockholder, or member in any person whose principal business, in purpose or in fact, is the holding of stock in, or control of, any other person engaged in any phase of aeronautics."

Explanation: Under the bill it is made unlawful for an air carrier "knowingly and willfully" to have an officer or director who, directly or by means of a representative or nominee, is an officer, director, stockholder, or member in another aeronautical company or common carrier. The maintenance of such relationship by an officer or director of an air carrier by means of a representative or nominee may be difficult for an air carrier to ascertain, and accordingly it seems proper that such relationship, so far as the air carrier is concerned, should be unlawful only if the carrier has knowledge of the existence of the relationship. However, if such relationship is maintained directly, it is believed that the requirement that the air carrier may be made responsible only if it permits the existence of the relationship "knowingly and willfully" would nullify the value of this prohibition because of the difficulty of establishing proof of such knowledge. Accordingly, the amendment redrafts these provisions so as to insert the requirement that the air carrier have knowledge of the relationship only where the relationship is maintained by its officer or director through a representative or nominee.

(7) On pages 103, 104, and 105, strike out all of sections 803 and 804.

Explanation: Sections 803 and 804 of the bill, which are stricken out by this amendment, rewrite the provisions of the Air Commerce Act, which authorize the Secretary of the Treasury to designate ports of entry for aircraft and to extend the customs and public health laws to aircraft, and which authorize the Secretary of Labor to designate ports of entry for aliens arriving by aircraft and to extend the immigration laws to aircraft. Under the Air Commerce Act, violations of these provisions are made subject to a civil penalty of $500, which penalty may be remitted by the Secretaries of the Treasury and Labor, respectively. The bill, however, provides no express penalty for violations relating to these sections, although it repeals the penalty provisions of the Air Commerce Act, and apparently the only penalty provided for violations of immigration, customs, and public-health laws, as extended to aircraft, is the general criminal penalty of the bill. While a civil penalty is prescribed in the bill for violations of other provisions of the bill, if this penalty provision were amended so as to be applicable to violations under sections 803 and 804, a considerably different penalty would be provided than under the present Air Commerce Act, in that the civil penalty under the bill is a penalty "of not to exceed $500 * * * commensurate with the seriousness of the violation," and no provision is made for remission or mitigation. In order, therefore, to retain the civil penalty for violations of the provisions embodied in sections 803 and 804 similar to that provided by existing law, which is operating satisfactorily, these two sections of the bill are stricken out by the amendment, and the analogous provisions of the Air Commerce Act, together with the penalty prescribed in that act, are preserved.

(8) On page 108, between lines 8 and 9, insert the following new subsection:

"(c) Compromise: Any penalty incurred under the provisions of subsection (a) of this section may be compromised by the Authority or the Postmaster General, as the case may be."

Explanation: Section 901 (a) of the bill provides for a civil penalty of not to exceed $500 for violations of the provisions of the bill relating to safety and violations of the rules and regulations of the Postmaster General relating to the carriage of mail by aircraft. However, no provision is made for remission, mitigation, or compromise. Consequently it would be necessary for the Authority to file suit in court in each case in order to impose and collect the penalty. The amendment would empower the Authority or the Postmaster General, as the case may be, to enter into a compromise with the violator concerning the penalty. Thus without going to court it would be possible under the amendment for the Authority and the Postmaster General, in cases where the seriousness of the violation does not justify the imposition of the maximum penalty of $500, to agree with the violator through compromise for the imposition and payment of a lighter penalty, and thus the burdensome requirement of applying to court, even for minor violations in which penalties of $10, $15, or $20 will be imposed, will be avoided by a compromise procedure in cases where the penalty can be agreed upon by the parties.

(9) On page 135, strike out all of lines 14 to 20, inclusive, and insert in lieu thereof the following:

"(c) Section 5 (a) of the Federal Trade Commission Act, approved September 26, 1914, as amended (38 Stat. 719; U. S. C., 1934 ed., title 15, sec. 41), is further amended by inserting before the words 'and persons' the following: 'air carriers and foreign air carriers subject to the Civil Aeronautics Act of 1938.'"

Explanation: Section 1105 (c) of the bill amends section 5 of the Federal Trade Commission Act so as to exempt air carriers and foreign air carriers from the jurisdiction of the Federal Trade Commission. This exemption is necessary because the bill empowers the Authority to pass upon unfair competition or other practices involving air transportation. However, the amendment, as contained in this bill, is made upon the basis of the Federal Trade Commission Act before its recent amendment, and in view of the alteration of the language of section 5 the present provision of the bill is meaningless. The proposed amendment to the bill would correct this defect.

(10) On page 24, line 23, change the comma to a period and strike out all of lines 24 and 25.

Explanation: The provisions stricken out by this amendment would prohibit the Authority from establishing a laboratory or research agency. This prohibition overlooks the fact that it will be necessary for the Authority, in issuing safety certificates for aircraft, to make tests in connection therewith. In making such tests, it may be necessary for the Authority to maintain a laboratory or research agency in order to effectively carry out its functions in this respect.

(11) On page 29, lines 20 to 24, both inclusive, strike out all of subsection (d).

Explanation: This subsection authorizes the Authority to classify and rate air-navigation facilities. Section 606 of the bill grants a similar power in substantially the same language and the provision stricken by the amendment is, therefore, unnecessary. Section 304 (d), rather than section 606, is stricken because the former would not empower the Authority to rate facilities established by it, although such rating may be desirable in the interest of safety.

(12) On page 107, line 19, insert after the semicolon the following: "(2) operates any aircraft within any air-space reservation otherwise than in conformity with the Executive orders regulating such reservations;" and in line 22 change "(2)" to "(3)".

Explanation: Section 301 of the bill rewrites the provisions of the Air Commerce Act authorizing the President to set aside air-space reservations. Under the provisions of the Air Commerce Act, a civil penalty of $500 is provided for the operation of aircraft in violation of the rules prescribed by the President governing these reservations, but this provision is repealed by the bill. The bill fails to provide for any express penalty for such violations, and

apparently the penalty applicable, if any, is the general criminal penalty provision of the bill. The amendment provides that such violations shall be subject to the civil penalty of $500 prescribed in section 901 of the bill.

(13) On page 136, line 24, strike out the first "and" and insert in lieu thereof a comma, and insert after "(c)" a comma and the following: "and the first sentence of section 8."

Explanation: This amendment would preserve the first sentence of section 8 of the Air Commerce Act. That sentence provides for an "Assistant Secretary of Commerce for Aeronautics" and is repealed by the bill. The duties of the office of Assistant Secretary provided for in that act have subsequently been expanded by Executive Order No. 6166 of June 10, 1933. By virtue of that order this office has become an office of Assistant Secretary of Commerce, vested with such functions as are assigned to it by the Secretary, and is no longer confined to aeronautics, but has under it other bureaus of the Department of Commerce. In order to avoid the implication that this office as constituted under Executive order 6166 is abolished, the proposed amendment would preserve the provision of the Air Commerce Act which created it.

(14) On page 137, between lines 2 and 3, insert the following new subsection:

"(h) Section 11 of the act of October 15, 1914, as amended (38 Stat. 734; U. S. C., 1934 ed., title 15, sec. 21), is amended by inserting after the word 'energy'; the following: 'in the Civil Aeronautics Authority where applicable to air carriers and foreign air carriers subject to the Civil Aeronautics Act of 1938'; and by inserting after the word 'commission' wherever it appears in that section a comma and the word 'authority.'"

Explanation: This amendment amends the Clayton Act so as to vest the enforcement of sections 2, 3, 7, and 8 of that act in the new Civil Aeronautics Authority. This is to bring the bill into conformity with the similar provisions of the Clayton Act with respect to the Interstate Commerce Commission and the Federal Communications Commission.

(15) On page 137, between lines 2 and 3, insert the following new subsection:

"(i) The ninth paragraph of the act approved March 3, 1915, entitled 'An act making appropriations for the naval service for the fiscal year ending June 30, 1916, and for other purposes', as amended (38 Stat. 930; U. S. C., 1934 ed., title 50, sec. 151), is further amended by inserting after the words 'naval aeronautics'; in that paragraph the following: 'two members from the Civil Aeronautics Authority'; and by striking out the word 'eight' in that paragraph and inserting in lieu thereof the word 'six.'"

Explanation: This amendment will insure that the new Civil Aeronautics Authority, which will exercise all of the Federal functions relating to civil aviation, will be represented on the National Advisory Committee for Aeronautics.

(16) On page 13, line 25, strike out the words "Civil Aeronautics Authority" and insert in lieu thereof "Federal Air Authority."

On page 135, line 13, strike out the words "Civil Aeronautics Authority" and insert in lieu thereof "Federal Air Authority."

Explanation: This amendment changes the name of the Authority from the Civil Aeronautics Authority to the Federal Air Authority. It has been suggested that the name substituted by the amendment is more apt in that it indicates the broad scope of the powers of the new agency over aviation.

(17) On page 14, lines 1 to 4, strike out all of the matter contained in the parentheses.

On page 14, strike out all of the sentence beginning in line 10, and insert in lieu thereof the following: "The President shall designate annually one of the members of the Authority as chairman and one as vice chairman who shall act as chairman in the absence or incapacity of the chairman."

Explanation: The bill now provides that one member of the Authority shall be appointed as chairman and one as vice chairman, each to serve as such during his entire tenure of office. The amendment, however, would provide that the chairman and vice chairman be designated annually by the President. It is believed that the chairmanship and vice chairmanship of the Authority should rotate among the various members in order to insure harmony within the organization and prevent an unhealthy domination by a long-term chairman.

REPRESENTATIVE GOVERNMENT—ADDRESS BY SENATOR SCHWELLENBACH

[Mr. HITCHCOCK asked and obtained leave to have printed in the RECORD a radio address delivered by Senator SCHWELLENBACH on May 8, 1938, which appears in the Appendix.]

BUSINESS CYCLES—ADDRESS BY PROF. FRANK O'HARA

[Mr. MURRAY asked and obtained leave to have printed in the RECORD an address on the subject Business Cycles, delivered by Frank O'Hara, Ph. D., professor of economics, Catholic University of America, at the National Catholic Social Action Conference in Milwaukee, Wis., on May 2, 1938, which appears in the Appendix.]

ADMINISTRATION OF W. P. A.

[Mr. TRUMAN asked and obtained leave to have printed in the RECORD an article under the heading "Hopkins Fights Politics," by Raymond Clapper, published in the Washington Daily News of Monday, May 9, 1939, which appears in the Appendix.]

SUGGESTED BREATHING SPELL FOR BUSINESS—EDITORIAL FROM WASHINGTON TIMES

[Mr. SCHWELLENBACH asked and obtained leave to have printed in the RECORD an editorial from the Washington Times which appears in the Appendix.]

TAX REVISION—CONFERENCE REPORT (S. DOC. NO. 177)

Mr. HARRISON. Mr. President, I present the conference report on House bill 9682, being the tax bill, and move its immediate consideration.

The VICE PRESIDENT. The report will be read.

The Chief Clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9682) to provide revenue, equalize taxation, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 4, 12, 14, 16, 17, 25, 28, 29, 30, 31, 32, 35, 43, 45, 46, 50, 51, 53, 55, 65, 66, 70, 74, 75, 76, 77, 78, 80, 81, 82, 91, 95, 96, 97, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 147, 156, 160, 161, 162, 163, 164, 165, 166, 170, 171, 173, 179, 180, 181, 183, 184, 185, 186, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 200, 212, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, and 229, and agree to the same.

That the Senate recede from its amendments numbered 1, 5, 7, 8, 9, 11, 13, 18, 19, 23, 24, 26, 33, 34, 36, 37, 38, 39, 40, 41, 48, 49, 56, 57, 59, 61, 63, 67, 68, 71, 83, 84, 85, 86, 87, 89, 90, 92, 93, 94, 98, 99, 100, 101, 102, 103, 104, 106, 107, 108, 109, 110, 111, 113, 114, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 145, 146, 148, 149, 151, 153, 154, 155, 158, 159, 172, 174, 175, 176, 177, 178, 182, 187, 203, 204, 205, 209, 210, 213, 230, 237, and 239.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 13. Tax on corporations in general.

"(a) Adjusted net income: For the purposes of this title the term 'adjusted net income' means the net income minus the credit provided in section 26 (a), relating to interest on certain obligations of the United States and Government corporations.

"(b) Imposition of tax: There shall be levied, collected, and paid for each taxable year upon the net income of every corporation the net income of which is more than $25,000 (except a corporation subject to the tax imposed by section 14, section 231 (a), Supplement G, or Supplement Q) a tax computed under subsection (c) of this section or a tax computed under subsection (d) of this section, which ever tax is the lesser.

"(c) General rule: The tax computed under this subsection shall be as follows:

"(1) A tentative tax shall first be computed equal to 19 per centum of the adjusted net income.

"(2) The tax shall be the tentative tax reduced by the sum of—

"(A) 16½ per centum of the credit for dividends received provided in section 26 (b); and

"(B) 2½ per centum of the dividends paid credit provided in section 27, but not to exceed 2½ per centum of the adjusted net income.

"(d) Alternative tax (corporations with net income slightly more than $25,000):

"(1) If no portion of the gross income consists of interest allowed as a credit by section 26 (a) (relating to interest on certain obligations of the United States and Government corporations), or of dividends of the class with respect to which credit is allowed by section 26 (b), then the tax computed under this subsection shall be equal to $3,525, plus 32 per centum of the amount of the net income in excess of $25,000.

"(2) If any portion of the gross income consists of such interest or dividends, then the tax computed under this subsection shall be as follows:

"(A) The net income shall be divided into two divisions, the first division consisting of $25,000, and the second division consisting of the remainder of the net income.

"(B) To the first division shall be allocated, until an aggregate of $25,000 has been so allocated: First, the portion of the gross income consisting of such interest; second, the portion of the gross income consisting of such dividends; and third, an amount equal to the excess, if any, of $25,000 over the amounts already allocated to the first division.

"(C) To the second division shall be allocated, until there has been so allocated an aggregate equal to the excess of the net income over $25,000: First, the portion of the gross income consisting of such interest which is not already allocated to the first division; second, the portion of the gross income consisting of such dividends which is not already allocated to the first division; and third, an amount equal to the excess, if any, of the net income over the

sum of $25,000 plus the amounts already allocated to the second division.

"(D) The tax shall be equal to the sum of the following:

"(i) A tax on the $25,000 allocated to the first division, computed under section 14 (c), on the basis of the allocation made to the first division and as if the amount so allocated constituted the entire net income of the corporation.

"(ii) 12 per centum of the dividends received allocated as such to the second division.

"(iii) 32 per centum of the remainder of the amount allocated to the second division, except interest allowed as a credit under section 26 (a).

"(e) Corporations in bankruptcy and receivership: If a domestic corporation is for any portion of the taxable year in bankruptcy under the laws of the United States, or insolvent and in receivership in any court of the United States or of any State, Territory, or the District of Columbia, then, when the tax is computed under subsection (c), the tentative tax shall be reduced by 2½ per centum of the adjusted net income, instead of by 2½ per centum of the dividends paid credit.

"(f) Joint-Stock Land Banks: In the case of a joint-stock land bank organized under the Federal Farm Loan Act, as amended, when the tax is computed under subsection (c), the tentative tax shall be reduced by 2½ per centum of the adjusted net income, instead of by 2½ per centum of the dividends paid credit.

"(g) Rental Housing Corporations: In the case of a corporation which at the close of the taxable year is regulated or restricted by the Federal Housing Administrator under section 207 (b) (2) of the National Housing Act, as amended, when the tax is computed under subsection (c), the tentative tax shall be reduced by 2½ per centum of the adjusted net income, instead of by 2½ per centum of the dividends paid credit; but only if such Administrator certifies to the Commissioner the fact that such regulation or restriction existed at the close of the taxable year. It shall be the duty of such Administrator promptly to make such certification to the Commissioner after the close of the taxable year of each corporation which is so regulated or restricted by him.

"(h) Exempt corporations: For corporations exempt from taxation under this title, see section 101.

"(i) Tax on personal holding companies: For surtax on personal holding companies, see title IA.

"(j) Improper accumulation of surplus: For surtax on corporations which accumulate surplus to avoid surtax on shareholders, see section 102.

"SEC. 14. Tax on special classes of corporations.

"(a) Special class net income: For the purposes of this title the term 'special class net income' means the adjusted net income minus the credit for dividends received provided in section 26 (b).

"(b) There shall be levied, collected, and paid for each taxable year upon the special class net income of the following corporations (in lieu of the tax imposed by section 13) the tax hereinafter in this section specified.

"(c) Corporations with net incomes of not more than $25,000: If the net income of the corporation is not more than $25,000, and if the corporation does not come within one of the classes specified in subsection (d), (e), (f), or (g) of this section, the tax shall be as follows:

"Upon special class net incomes not in excess of $5,000, 12½ per centum.

"$625 upon special class net incomes of $5,000, and upon special class net incomes in excess of $5,000 and not in excess of $20,000, 14 per centum in addition of such excess.

"$2,725 upon special class net incomes of $20,000, and upon special class net incomes in excess of $20,000, 16 per centum in addition of such excess.

"(d) Special classes of corporations: In the case of the following corporations the tax shall be an amount equal to 16½ per centum of the special class net income, regardless of the amount thereof:

"(1) Banks, as defined in section 104.

"(2) Corporations organized under the China Trade Act, 1922.

"(3) Corporations which, by reason of deriving a large portion of their gross income from sources within a possession of the United States, are entitled to the benefits of section 251.

"(e) Foreign corporations.—

"(1) In the case of a foreign corporation engaged in trade or business within the United States or having an office or place of business therein, the tax shall be an amount equal to 19 per centum of the special class net income, regardless of the amount thereof.

"(2) In the case of a foreign corporation not engaged in trade or business within the United States and not having an office or place of business therein, the tax shall be as provided in section 231 (a).

"(f) Insurance companies: In the case of insurance companies, the tax shall be as provided in Supplement G.

"(g) Mutual investment companies: In the case of mutual investment companies, as defined in Supplement Q, the tax shall be as provided in such Supplement.

"(h) Exempt corporations: For corporations exempt from taxation under this title, see section 101.

"(i) Tax on personal holding companies: For surtax on personal holding companies, see Title IA.

"(j) Improper accumulation of surplus: For surtax on corporations which accumulate surplus to avoid surtax on shareholders, see section 102.

"SEC. 15. Corporate taxes effective for two taxable years.

"The taxes imposed by section 13, section 14 (except subsection (e) (2)), Supplement G, or Supplement Q, of this Act, or by section 13, section 14, or Supplement G of the Revenue Act of 1936, shall not apply to any taxable year beginning after December 31, 1939."

And the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows: Omit the matter proposed to be inserted by the Senate amendment, and on page 26, after line 2, of the House bill insert the following:

"(d) Inventories in certain industries.—

"(1) Producers and processors of certain non-ferrous metals: A taxpayer shall be entitled to elect the method of taking inventories provided in paragraph (2) if his principal business is—

"(A) Smelting non-ferrous ores or concentrates, or refining non-ferrous metals, or both; or

"(B) Producing brass, copper products, or brass products, or any one or more of them, not further advanced than rods, sheets, tubes, bars, plates, or strips.

"(2) Inventories of raw materials: A taxpayer entitled to elect, and who has so elected, shall, in taking his inventory as of the close of any taxable year beginning after December 31, 1938, of raw materials which are—

"(A) used in a business described in paragraph (1); and

"(B) not yet included in goods in process or finished goods; and

"(C) so intermingled that they cannot be identified with specific invoices;

treat such raw materials remaining on hand as being: First, those included in the inventory as of the beginning of the taxable year (in the order of acquisition) to the extent thereof, and second, those acquired in the taxable year, in the order of acquisition.

"(3) Tanners: A taxpayer whose principal business is tanning hides or skins, or both, shall be entitled to elect (with respect to any taxable year beginning after December 31, 1938) the method provided in paragraph (2) as to the raw materials (including those included in goods in process and in finished goods) in the business of tanning hides, or skins, or both, if so intermingled that they cannot be identified with specific invoices.

"(4) Inventories at cost: In the case of the application of the provisions of paragraph (2) or (3) all inventories of such materials shall be taken at cost, including the inventory as of the close of the preceding taxable year.

"(5) Election of method: The method provided in paragraph (2) or (3) shall not be applied unless the taxpayer, at or before the filing of his return for the preceding taxable year, has filed with the Commissioner his election to have it apply.

"(6) Regulations as to change: The change to such method shall be made in accordance with such regulations as the Commissioner, with the approval of the Secretary, may prescribe as necessary to prevent the avoidance of tax.

"(7) Change to different method: An election made under this subsection shall be irrevocable and the method so elected shall be applied in all subsequent taxable years notwithstanding any change in the principal business of the taxpayer, unless with the approval of the Commissioner change to a different method is authorized, and then upon such terms and conditions and in accordance with such regulations as the Commissioner, with the approval of the Secretary, may prescribe."

On page 26, line 3, of the House bill, strike out "(d)" and insert "(e)."

On page 26, line 6, of the House bill, strike out "(e)" and insert "(f)."

On page 26, line 9, of the House bill, strike out "(f)" and insert "(g)."

On page 26, line 13, of the House bill, strike out "(g)" and insert "(h)."

On page 26, line 16, of the House bill, strike out "(h)" and insert "(i)."

And the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(1) General rule: Debts ascertained to be worthless and charged off within the taxable year (or, in the discretion of the Commissioner, a reasonable addition to a reserve for bad debts); and when satisfied that a debt is recoverable only in part, the Commissioner may allow such debt, in an amount not in excess of the part charged off within the taxable year, as a deduction. This paragraph shall not apply in the case of a taxpayer, other than a bank, as defined in section 104, with respect to a debt evidenced by a security as defined in paragraph (3) of this subsection.

"(2) Securities becoming worthless: If any securities (as defined in paragraph (3) of this subsection) are ascertained to be worthless and charged off within the taxable year and are capital assets, the loss resulting therefrom shall, in the case of a taxpayer other than a bank, as defined in section 104, for the purposes of this

title, be considered as a loss from the sale or exchange, on the last day of such taxable year, of capital assets."

And the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows: Restore the matter proposed to be stricken out by the Senate amendment, and on page 47, line 20, of the House bill after "years" insert "beginning after December 31, 1935" and a comma; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(e) Dividends paid credit: For corporation dividends paid credit, see section 27.

"(f) Consent dividends credit: For corporation consent dividends credit, see section 28."

And the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 27. Corporation dividends paid credit.

"(a) Definition in general: As used in this title with respect to any taxable year the term 'dividends paid credit' means the sum of:

"(1) The basic surtax credit for such year, computed as provided in subsection (b);

"(2) The dividend carry-over to such year, computed as provided in subsection (c);

"(3) The amount, if any, by which any deficit in the accumulated earnings and profits, as of the close of the preceding taxable year (whether beginning on, before, or after January 1, 1938), exceeds the amount of the credit provided in section 26 (c) (relating to net operating losses), for such preceding taxable year (if beginning after December 31, 1937); and

"(4) Amounts used or irrevocably set aside to pay or to retire indebtedness of any kind, if such amounts are reasonable with respect to the size and terms of such indebtedness. As used in this paragraph the term 'indebtedness' means only an indebtedness of the corporation existing at the close of business on December 31, 1937, and evidenced by a bond, note, debenture, certificate of indebtedness, mortgage, or deed of trust, issued by the corporation and in existence at the close of business on December 31, 1937, or by a bill of exchange accepted by the corporation prior to, and in existence at, the close of business on such date. Where the indebtedness is for a principal sum, with interest, no credit shall be allowed under this paragraph for amounts used or set aside to pay such interest.

"(b) Basic surtax credit: As used in this title the term 'basic surtax credit' means the sum of:

"(1) The dividends paid during the taxable year, increased by the consent dividends credit provided in section 28, and reduced by the amount of the credit provided in section 26 (a), relating to interest on certain obligations of the United States and Government corporations;

"(2) In the case of a taxable year beginning after December 31, 1938, the net operating loss credit provided in section 26 (c) (1);

"(3) The bank affiliate credit provided in section 26 (d).

"The aggregate of the amounts under paragraphs (2) and (3) shall not exceed the adjusted net income for the taxable year.

"(c) Dividend carry-over: There shall be computed with respect to each taxable year of a corporation a dividend carry-over to such year from the two preceding taxable years, which shall consist of the sum of—

"(1) The amount of the basic surtax credit for the second preceding taxable year, reduced by the adjusted net income for such year, and further reduced by the amount, if any, by which the adjusted net income for the first preceding taxable year exceeds the sum of—

"(A) The basic surtax credit for such year; and

"(B) The excess, if any, of the basic surtax credit for the third preceding taxable year (if not beginning before January 1, 1936) over the adjusted net income for such year; and

"(2) The amount, if any, by which the basic surtax credit for the first preceding taxable year exceeds the adjusted net income for such year.

"In the case of a preceding taxable year, referred to in this subsection, which begins in 1936 or 1937, the adjusted net income shall be the adjusted net income as defined in section 14 of the Revenue Act of 1936, and the basic surtax credit shall be only the dividends paid credit computed under the Revenue Act of 1936 without the benefit of the dividend carry-over provided in section 27 (b) of such Act.

"(d) Dividends in kind: If a dividend is paid in property other than money (including stock of the corporation if held by the corporation as an investment) the amount with respect thereto which shall be used in computing the basic surtax credit shall be the adjusted basis of the property in the hands of the corporation at the time of the payment, or the fair market value of the property at the time of the payment, whichever is the lower.

"(e) Dividends in obligations of the corporation: If a dividend is paid in obligations of the corporation, the amount with respect thereto which shall be used in computing the basic surtax credit shall be the face value of the obligations, or their fair market value at the time of the payment, whichever is the lower. If the fair market value of any such dividend paid in any taxable year of the corporation beginning after December 31, 1935, is lower than the face value, then when the obligation is redeemed by the corporation in a taxable year of the corporation beginning after December 31, 1937, the excess of the amount for which redeemed over the fair market value at the time of the dividend payment (to the extent not allowable as a deduction in computing net income for any taxable year) shall be treated as a dividend paid in the taxable year in which the redemption occurs.

"(f) Taxable stock dividends: In case of a stock dividend or stock right which is a taxable dividend in the hands of shareholders under section 115 (f), the amount with respect thereto which shall be used in computing the basic surtax credit shall be the fair market value of the stock or the stock right at the time of the payment.

"(g) Distributions in liquidation: In the case of amounts distributed in liquidation the part of such distribution which is properly chargeable to the earnings or profits accumulated after February 28, 1913, shall, for the purposes of computing the basic surtax credit under this section, be treated as a taxable dividend paid.

"(h) Preferential dividends: The amount of any distribution (although each portion thereof is received by a shareholder as a taxable dividend), not made in connection with a consent distribution (as defined in section 28 (a) (4)), shall not be considered as dividends paid for the purpose of computing the basic surtax credit, unless such distribution is pro rata, with no preference to any share of stock as compared with other shares of the same class, and with no preference to one class of stock as compared with another class except to the extent that the former is entitled (without reference to waivers of their rights by shareholders) to such preference. For a distribution made in connection with a consent distribution, see section 28.

"(i) Nontaxable distributions: If any part of a distribution (including stock dividends and stock rights) is not a taxable dividend in the hands of such of the shareholders as are subject to taxation under this title for the period in which the distribution is made, such part shall not be included in computing the basic surtax credit.

"SEC. 28. Consent dividends credit.

"(a) Definitions: As used in this section—

"(1) Consent stock: The term 'consent stock' means the class or classes of stock entitled, after the payment of preferred dividends (as defined in paragraph (2)), to share in the distribution (other than in complete or partial liquidation) within the taxable year of all the remaining earnings or profits, which share constitutes the same proportion of such distribution regardless of the amount of such distribution.

"(2) Preferred dividends: The term 'preferred dividends' means a distribution (other than in complete or partial liquidation), limited in amount, which must be made on any class of stock before a further distribution (other than in complete or partial liquidation) of earnings or profits may be made within the taxable year.

"(3) Consent dividends day: The term 'consent dividends day means the last day of the taxable year of the corporation, unless during the last month of such year there have occurred one or more days on which was payable a partial distribution (as defined in paragraph (5)), in which case it means the last of such days.

"(4) Consent distribution: The term 'consent distribution' means the distribution which would have been made if on the consent dividends day (as defined in paragraph (3)) there had actually been distributed in cash and received by each shareholder making a consent filed by the corporation under subsection (d), the specific amount stated in such consent.

"(5) Partial distribution: The term 'partial distribution' means such part of an actual distribution, payable during the last month of the taxable year of the corporation, as constitutes a distribution on the whole or any part of the consent stock (as defined in paragraph (1)), which part of the distribution, if considered by itself and not in connection with a consent distribution (as defined in paragraph (4)), would be a preferential distribution, as defined in paragraph (6).

"(6) Preferential distribution: The term 'preferential distribution' means a distribution which is not pro rata, or which is with preference to any share of stock as compared with other shares of the same class, or to any class of consent stock as compared with any other class of consent stock.

"(b) Corporations not entitled to credit: A corporation shall not be entitled to a consent dividends credit with respect to any taxable year—

"(1) Unless, at the close of such year, all preferred dividends (for the taxable year and, if cumulative, for prior taxable years) have been paid; or

"(2) If, at any time during such year, the corporation has taken any steps in, or in pursuance of a plan of, complete or partial liquidation of all or any part of the consent stock.

"(c) Allowance of credit: There shall be allowed to the corporation, as a part of its basic surtax credit for the taxable year, a consent dividends credit equal to such portion of the total sum agreed to be included in the gross income of shareholders by their consents filed under subsection (d) as it would have been entitled to include in computing its basic surtax credit if actual distribution of an amount equal to such total sum had been made in cash and

each shareholder making such a consent had received, on the consent dividends day, the amount specified in the consent.

"(d) Shareholders' consents: The corporation shall not be entitled to a consent dividends credit with respect to any taxable year—

"(1) Unless it files with its return for such year (in accordance with regulations prescribed by the Commissioner with the approval of the Secretary) signed consents made under oath by persons who were shareholders, on the last day of the taxable year of the corporation, of any class of consent stock; and

"(2) Unless in each such consent the shareholder agrees that he will include as a taxable dividend, in his return for the taxable year in which or with which the taxable year of the corporation ends, a specific amount; and

"(3) Unless the consents filed are made by such of the shareholders and the amount specified in each consent is such, that the consent distribution would not have been a preferential distribution—

"(A) If there was no partial distribution during the last month of the taxable year of the corporation, or

"(B) If there was such a partial distribution, then when considered in connection with such partial distribution;

and

"(4) Unless in each consent made by a shareholder who is taxable with respect to a dividend only if received from sources within the United States, such shareholder agrees that the specific amount stated in the consent shall be considered as a dividend received by him from sources within the United States; and

"(5) Unless each consent filed is accompanied by cash, or such other medium of payment as the Commissioner may by regulations authorize, in an amount equal to the amount that would be required by section 143 (b) or 144 to be deducted and withheld by the corporation if the amount specified in the consent had been, on the last day of the taxable year of the corporation, paid to the shareholder in cash as a dividend. The amount accompanying the consent shall be credited against the tax imposed by section 211 (a) or 231 (a) upon the shareholder.

"(e) Consent distribution as part of entire distribution: If during the last month of the taxable year with respect to which shareholders' consents are filed by the corporation under subsection (d) there is made a partial distribution, then, for the purposes of this title, such partial distribution and the consent distribution shall be considered as having been made in connection with each other and each shall be considered together with the other as one entire distribution.

"(f) Taxability of amounts specified in consents: The total amount specified in a consent filed under subsection (d) shall be included as a taxable dividend in the gross income of the shareholder making such consent, and, if the shareholder is taxable with respect to a dividend only if received from sources within the United States, shall be included in the computation of his tax as a dividend received from sources within the United States; regardless of—

"(1) Whether he actually so includes it in his return; and

"(2) Whether the distribution by the corporation of an amount equal to the total sum included in all the consents filed, had actual distribution been made, would have been in whole or in part a taxable dividend; and

"(3) Whether the corporation is entitled to any consent dividends credit by reason of the filing of such consents, or to a credit less than the total sum included in all the consents filed.

"(g) Corporate shareholders: If the shareholder who makes the consent is a corporation, the amount specified in the consent shall be considered as part of its earnings or profits for the taxable year, and shall be included in the computation of its accumulated earnings and profits.

"(h) Basis of stock in hands of shareholders: The amount specified in a consent made under subsection (d) shall, for the purpose of adjusting the basis of the consent stock with respect to which the consent was given, be treated as having been reinvested by the shareholder as a contribution to the capital of the corporation; but only in an amount which bears the same ratio to the consent dividends credit of the corporation as the amount of such shareholder's consent stock bears to the total amount of consent stock with respect to which consents are made.

"(i) Effect on capital account of corporation: The amount of the consent dividends credit allowed under subsection (c) shall be considered as paid in surplus or as a contribution to the capital of the corporation, and the accumulated earnings and profits as of the close of the taxable year shall be correspondingly reduced.

"(j) Amounts not included in shareholder's return: The failure of a shareholder of consent stock to include in his gross income for the proper taxable year the amount specified in the consent made by him and filed by the corporation, shall have the same effect, with respect to the deficiency resulting therefrom, as is provided in section 272 (f) with respect to a deficiency resulting from a mathematical error appearing on the face of the return."

And the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "(e)"; and the Senate agree to the same.

Amendment numbered 42: That the House recede from its disagreement to the amendment of the Senate numbered 42, and agree to the same with an amendment, as follows: On page 8 of the Senate engrossed amendments, line 13, strike out "7" and insert "8"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: ", (17), or (18)"; and the Senate agree to the same.

Amendment numbered 47: That the House recede from its disagreement to the amendment of the Senate numbered 47, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(18) Property received in certain corporate liquidations: If the property was acquired by a shareholder in the liquidation of a corporation in cancellation or redemption or stock with respect to which gain was realized, but with respect to which, as the result of an election made by him under paragraph (7) of section 112 (b), the extent to which gain was recognized was determined under such paragraph, then the basis shall be the same as the basis of such stock cancelled or redeemed in the liquidation, decreased in the amount of any money received by him, and increased in the amount of gain recognized to him.

And the Senate agree to the same.

Amendment numbered 52: That the House recede from its disagreement to the amendment of the Senate numbered 52, and agree to the same with an amendment, as follows: Omit the matter proposed to be inserted by the Senate amendment, and on page 95 of the House bill, after line 25, insert the following:

"(7) Election as to recognition of gain in certain corporate liquidations—

"(A) General rule: In the case of property distributed in complete liquidation of a domestic corporation, if—

"(i) the liquidation is made in pursuance of a plan of liquidation adopted after the date of the enactment of this Act, whether the taxable year of the corporation began on, before, or after January 1, 1938; and

"(ii) the distribution is in complete cancellation or redemption of all the stock, and the transfer of all the property under the liquidation occurs within the month of December, 1938—

"then in the case of each qualified electing shareholder (as defined in subparagraph (C)) gain upon the shares owned by him at the time of the adoption of the plan of liquidation shall be recognized only to the extent provided in subparagraphs (E) and (F).

"(B) Excluded corporation: The term 'excluded corporation' means a corporation which at any time between April 9, 1938, and the date of the adoption of the plan of liquidation, both dates inclusive, was the owner of stock possessing 50 per centum or more of the total combined voting power of all classes of stock entitled to vote on the adoption of such plan.

"(C) Qualified electing shareholders: The term 'qualified electing shareholder' means a shareholder (other than an excluded corporation) of any class of stock (whether or not entitled to vote on the adoption of the plan of liquidation) who is a shareholder at the time of the adoption of such plan, and whose written election to have the benefits of subparagraph (A) has been made and filed in accordance with subparagraph (D), but—

"(i) in the case of a shareholder other than a corporation, only if written elections have been so filed by shareholders (other than corporations) who at the time of the adoption of the plan of liquidation are owners of stock possessing at least 80 per centum of the total combined voting power (exclusive of voting power possessed by stock owned by corporations) of all classes of stock entitled to vote on the adoption of such plan of liquidation; or

"(ii) in the case of a shareholder which is a corporation, only if written elections have been so filed by corporate shareholders (other than an excluded corporation) which at the time of the adoption of such plan of liquidation are owners of stock possessing at least 80 per centum of the total combined voting power (exclusive of voting power possessed by stock owned by an excluded corporation and by shareholders who are not corporations) of all classes of stock entitled to vote on the adoption of such plan of liquidation.

"(D) Making and filing of elections: The written elections referred to in subparagraph (C) must be made and filed in such manner as to be not in contravention of regulations prescribed by the Commissioner with the approval of the Secretary. The filing must be within thirty days after the adoption of the plan of liquidation, and may be by the liquidating corporation or by the shareholder.

"(E) Noncorporate shareholders: In the case of a qualified electing shareholder other than a corporation—

"(i) There shall be recognized, and taxed as a dividend, so much of the gain as is not in excess of his ratable share of the earnings and profits of the corporation accumulated after February 28, 1913, such earnings and profits to be determined as of December 31, 1938, but without diminution by reason of distributions made during the month of December, 1938; and

"(ii) There shall be recognized, and taxed as short-term or long-term capital gain, as the case may be, so much of the remainder of the gain as is not in excess of the amount by which the value of that portion of the assets received by him which consists of money, or of stock or securities acquired by the corporation after April 9, 1938, exceeds his ratable share of such earnings and profits.

"(F) Corporate shareholders: In the case of a qualified electing shareholder which is a corporation the gain shall be recognized only to the extent of the greater of the two following—

"(i) The portion of the assets received by it which consists of money, or of stock or securities acquired by the liquidating corporation after April 9, 1938; or

"(ii) Its ratable share of the earnings and profits of the liquidating corporation accumulated after February 28, 1913, such earnings and profits to be determined as of December 31, 1938, but without diminution by reason of distributions made during the month of December, 1938."

And the Senate agree to the same.

Amendment numbered 54: That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "the gain recognized resulting from such distribution shall be considered as a short-term capital gain—

"(1) Unless such liquidation is completed before July 1, 1938; or

"(2) Unless (if it is established to the satisfaction of the Commissioner by evidence submitted before July 1, 1938, that due to the laws of the foreign country in which such corporation is incorporated, or for other reasons, it is or will be impossible to complete the liquidation of such company before such date) the liquidation is completed on or before such date as the Commissioner may find reasonable, but not later than December 31, 1938;" and the Senate agree to the same.

Amendment numbered 58: That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "18 months, if and to the extent such gain is taken into account in computing net income"; and the Senate agree to the same.

Amendment numbered 60: That the House recede from its disagreement to the amendment of the Senate numbered 60, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "18 months, if and to the extent such loss is taken into account in computing net income"; and the Senate agree to the same.

Amendment numbered 62: That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "18 months, if and to the extent such gain is taken into account in computing net income"; and the Senate agree to the same.

Amendment numbered 64: That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "18 months, if and to the extent such loss is taken into account in computing net income"; and the Senate agree to the same.

Amendment numbered 69: That the House recede from its disagreement to the amendment of the Senate numbered 69, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"100 per centum if the capital asset has been held for not more than 18 months;

"66⅔ per centum if the capital asset has been held for more than 18 months but not for more than 24 months;

"50 per centum if the capital asset has been held for more than 24 months."

And the Senate agree to the same.

Amendment numbered 72: That the House recede from its disagreement to the amendment of the Senate numbered 72, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "30"; and the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(2) In case of net long-term capital loss.—If for any taxable year a taxpayer (other than a corporation) sustains a net long-term capital loss, there shall be levied, collected, and paid, in lieu of the tax imposed by sections 11 and 12, a tax determined as follows, if and only if such tax is greater than the tax imposed by such sections:

"A partial tax shall first be computed upon the net income increased by the amount of the net long-term capital loss, at the rates and in the manner as if this subsection had not been enacted, and the total tax shall be the partial tax minus 30 per centum of the net long-term capital loss."

And the Senate agree to the same.

Amendment numbered 79: That the House recede from its disagreement to the amendment of the Senate numbered 79, and agree to the same with an amendment, as follows: Omit the matter proposed to be inserted by the Senate amendment and on page 89, after line 25, of the House bill insert the following:

"SEC. 106. Claims against United States involving acquisition of property.

"In the case of amounts (other than interest) received by a taxpayer from the United States with respect to a claim against the United States involving the acquisition of property and remaining unpaid for more than fifteen years, the portion of the tax imposed by section 12 attributable to such receipt shall not exceed 30 per centum of the amount (other than interest) so received."

And the Senate agree to the same.

Amendment numbered 88: That the House recede from its disagreement to the amendment of the Senate numbered 88, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "a street, suburban, or interurban electric railway, or a street or suburban trackless trolley system of transportation, or a street or suburban bus system of transportation operated as part of a street or suburban electric railway or trackless trolley system"; and the Senate agee to the same.

Amendment numbered 105: That the House recede from its disagreement to the amendment of the Senate numbered 105, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "16½"; and the Senate agree to the same.

Amendment numbered 112: That the House recede from its disagreement to the amendment of the Senate numbered 112, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "16½"; and the Senate agree to the same.

Amendment numbered 115: That the House recede from its disagreement to the amendment of the Senate numbered 115, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "16½ per centum thereof"; and the Senate agree to the same.

Amendment numbered 150: That the House recede from its disagreement to the amendment of the Senate numbered 150, and agree to the same with an amendment, as follows: Restore the matter proposed to be stricken out by the Senate amendment and on page 263, line 20, of the House bill strike out "16" and insert in lieu thereof "16½"; and the Senate agree to the same.

Amendment numbered 152: That the House recede from its disagreement to the amendment of the Senate numbered 152, and agree to the same with an amendment, as follows: On page 40 of the Senate engrossed amendments, line 8, strike out "(7)" and insert "(8)"; and the Senate agree to the same.

Amendment numbered 157: That the House recede from its disagreement to the amendment of the Senate numbered 157, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "27 (a) without the benefit of paragraphs (3) and (4) thereof"; and the Senate agree to the same.

Amendment numbered 167: That the House recede from its disagreement to the amendment of the Senate numbered 167, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 501. Estate tax returns.

"Section 304 (b) of the Revenue Act of 1926, as amended (relating to the amount of gross estate requiring the filing of a return), is amended by striking out '$100,000' and inserting in lieu thereof 'the amount of the specific exemption provided in section 303 (a) (4)'."

"SEC. 502. Returns of additional estate tax.

"Section 403 of the Revenue Act of 1932, as amended, relating to returns of the additional estate tax, is amended by striking out '$40,000' and inserting in lieu thereof 'the amount of the specific exemption provided in section 401 (c).'

"SEC. 503. Extensions of time for payment of estate tax.

"Section 305 (b) of the Revenue Act of 1926, as amended, is amended to read as follows:

"'(b) Where the Commissioner finds that the payment on the due date of any part of the amount determined by the executor as the tax would impose undue hardship upon the estate, the Commissioner may extend the time for payment of any such part not to exceed ten years from the due date. In such case the amount in respect of which the extension is granted shall be paid on or before the date of the expiration of the period of the extension, and the running of the statute of limitations for assessment and collection, as provided in sections 310 (a) and 311 (b), shall be suspended for the period of any such extension. If an extension is granted, the Commissioner may, if he deems it necessary, require the executor to furnish security for the payment of the amount in respect of which the extension is granted in accordance with the terms of the extension.'

"SEC. 504. Rate of interest on extensions of time for payment of estate tax.

"Section 305 (c) of the Revenue Act of 1926, as amended, is amended by inserting at the end thereof the following new sentence: 'In the case of any such extension granted after March 31, 1938, the rate of interest shall be 4 per centum per annum.'"

And the Senate agree to the same.

Amendment numbered 168: That the House recede from its disagreement to the amendment of the Senate numbered 168, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "505"; and the Senate agree to the same.

Amendment numbered 169: That the House recede from its disagreement to the amendment of the Senate numbered 169, and agree to the same with an amendment, as follows: In lieu of the

matter proposed to be inserted by the Senate amendment insert the following:

"'(b) Gifts less than $4,000: In the case of gifts (other than gifts in trust or of future interests in property) made to any person by the donor during the calendar year, the first $4,000 of such gifts to such person shall not, for the purposes of subsection (a), be included in the total amount of gifts made during such year.'"

And the Senate agree to the same.

Amendment numbered 199: That the House recede from its disagreement to the amendment of the Senate numbered 199, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "The privileges granted under this section in respect of civil aircraft employed in foreign trade or trade between the United States and any of its possessions, in respect of aircraft registered in a foreign country, shall be allowed only if the Secretary of the Treasury has been advised by the Secretary of Commerce that he has found that such foreign country allows, or will allow, substantially reciprocal privileges in respect of aircraft registered in the United States. If the Secretary of the Treasury is advised by the Secretary of Commerce that he has found that a foreign country has discontinued or will discontinue the allowance of such privileges, the privileges granted under this section shall not apply thereafter in respect of civil aircraft registered in that foreign country and employed in foreign trade or trade between the United States and any of its possessions"; and the Senate agree to the same.

Amendment numbered 201: That the House recede from its disagreement to the amendment of the Senate numbered 201, and agree to the same with an amendment, as follows: Restore the matter proposed to be stricken out by the Senate amendment, and on page 305, line 1, of the House bill strike out "708" and insert in lieu thereof "706"; and the Senate agree to the same.

Amendment numbered 202: That the House recede from its disagreement to the amendment of the Senate numbered 202, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "707"; and the Senate agree to the same.

Amendment numbered 206: That the House recede from its disagreement to the amendment of the Senate numbered 206, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "708"; and the Senate agree to the same.

Amendment numbered 207: That the House recede from its disagreement to the amendment of the Senate numbered 207, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "709"; and the Senate agree to the same.

Amendment numbered 208: That the House recede from its disagreement to the amendment of the Senate numbered 208, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 710. Tax on distilled spirits.

"(a) Section 600 (a) (4) of the Revenue Act of 1918, as amended, is amended to read as follows:

"'(4) On and after January 12, 1934, and until July 1, 1938, $2.00, and on and after July 1, 1938, $2.25, on each proof gallon or wine gallon when below proof and a proportionate tax at a like rate on all fractional parts of such proof or wine gallon.'

"(b) Section 600 (c) of such Act, as amended, is amended by striking out '$2.00 per wine gallon' and inserting in lieu thereof '$2.25 per wine gallon'.

"(c) Section 4 of the Liquor Taxing Act of 1934 is amended by striking out '$2.00' and inserting in lieu thereof '$2.25'.

"(d) The amendments made by this section shall not apply to brandy and the rates of tax applicable to such brandy shall be the rates applicable without regard to such amendments."

And the Senate agree to the same.

Amendment numbered 211: That the House recede from its disagreement to the amendment of the Senate numbered 211, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 711. Exemption from stamp tax on certain transfers of stocks and bonds.

"(a) Subdivision 3 of Schedule A of Title VIII of the Revenue Act of 1926, as amended, is amended by inserting at the end thereof the following new paragraphs:

"'The tax shall not be imposed upon deliveries or transfers of shares or certificates—

"'(1) From the owner to a custodian if under a written agreement between the parties the shares or certificates are to be held or disposed of by such custodian for, and subject at all times to the instructions of, the owner; or from such custodian to such owner;

"'(2) From such custodian to a registered nominee of such custodian, or from one such nominee to another such nominee, if in either case the shares or certificates continue to be held by such nominee for the same purpose for which they would be held if retained by such custodian; or from such nominee to such custodian.

"'No exemption shall be granted under this paragraph unless the deliveries or transfers are accompanied by a certificate setting forth such facts as the Commissioner, with the approval of the Secretary, may by regulation prescribe as necessary for the evidencing of the right to such exemption. No delivery or transfer to a nominee shall be exempt under this paragraph unless such nominee, in accordance with regulations prescribed by the Commissioner, with the approval of the Secretary, is registered with the Commissioner.

"'Any person who, with intent to evade the tax provided in this subdivision, falsely makes a certificate accompanying any delivery or transfer shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined not more than $1,000, or imprisoned not more than six months, or both.'"

"(b) Subdivision 9 of Schedule A of Title VIII of the Revenue Act of 1926, as amended, is amended by inserting at the end thereof the following new paragraphs:

"'The tax shall not be imposed upon deliveries or transfers of instruments—

"'(1) From the owner to a custodian if under a written agreement between the parties the instruments are to be held or disposed of by such custodian for, and subject at all times to the instructions of, the owner; or from such custodian to such owner;

"'(2) From such custodian to a registered nominee of such custodian, or from one such nominee to another such nominee, if in either case the instruments continue to be held by such nominee for the same purpose for which they would be held if retained by such custodian; or from such nominee to such custodian.

"'No exemption shall be granted under this paragraph unless the deliveries or transfers are accompanied by a certificate setting forth such facts as the Commissioner, with the approval of the Secretary, may by regulation prescribe as necessary for the evidencing of the right to such exemption. No delivery or transfer to a nominee shall be exempt under this paragraph unless such nominee, in accordance with regulations prescribed by the Commissioner, with the approval of the Secretary, is registered with the Commissioner.

"'Any person who, with intent to evade the tax provided in this subdivision, falsely makes a certificate accompanying any delivery or transfer shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined not more than $1,000, or imprisoned not more than six months, or both.'

"(c) The amendments made by this section shall be effective with respect to transfers or deliveries made after June 30, 1938."

And the Senate agree to the same.

Amendment numbered 214: That the House recede from its disagreement to the amendment of the Senate numbered 214, and agree to the same with an amendment, as follows: On page 59, line 19, of the Senate engrossed amendments strike out "714" and insert in lieu thereof "713"; and the Senate agree to the same.

Amendment numbered 215: That the House recede from its disagreement to the amendment of the Senate numbered 215, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 802. Approval of closing agreements.

"Section 606 (b) of the Revenue Act of 1928 is amended by striking out 'is approved by the Secretary, or the Under Secretary,' and inserting in lieu thereof the following: 'is approved by the Secretary, the Under Secretary, or an Assistant Secretary.'"

And the Senate agree to the same.

Amendment numbered 231: That the House recede from its disagreement to the amendment of the Senate numbered 231, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 815. Compromise before suit.

"Section 3229 of the Revised Statutes is amended by striking out 'with the advice and consent of the Secretary of the Treasury' and inserting in lieu thereof 'with the approval of the Secretary of the Treasury, or of the Under Secretary of the Treasury, or of an Assistant Secretary of the Treasury.'"

And the Senate agree to the same.

Amendment numbered 232: That the House recede from its disagreement to the amendment of the Senate numbered 232, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 816. Extension of time for payment of deficiencies approved by Commissioner.

"The requirement of section 272 (j) of the Revenue Act of 1936, 1934, 1932, and 1928, and section 274 (k) of the Revenue Act of 1926, as amended, section 274 (g) of the Revenue Act of 1924, section 250 (f) of the Revenue Act of 1921, section 513 (1) of the Revenue Act of 1932, and section 308 (i) of the Revenue Act of 1926, of approval by the Secretary of extension of time for payment of deficiency in income, estate, or gift tax shall not apply after thirty days after the date of the enactment of this Act, but the approval shall be by the Commissioner under regulations prescribed by the Commissioner with the approval of the Secretary."

And the Senate agree to the same.

Amendment numbered 233: That the House recede from its disagreement to the amendment of the Senate numbered 233, and agree to the same with an amendment, as follows: On page 65, line 18, of the Senate engrossed amendments strike out "818" and insert in lieu thereof "817"; and the Senate agree to the same.

Amendment numbered 234: That the House recede from its disagreement to the amendment of the Senate numbered 234, and agree to the same with an amendment, as follows: In lieu of the

matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 818. Taxes of insolvent banks.

"Section 22 of the Act of March 1, 1879 (20 Stat. 351; 12 U. S. C. 570), is amended to read as follows:

"'SEC. 22. (a) Whenever and after any bank or trust company, a substantial portion of the business of which consists of receiving deposits and making loans and discounts, has ceased to do business by reason of insolvency or bankruptcy, no tax shall be assessed or collected, or paid into the Treasury of the United States on account of such bank, or trust company, which shall diminish the assets thereof necessary for the full payment of all its depositors; and such tax shall be abated from such national banks as are found by the Comptroller of the Currency to be insolvent; and the Commissioner of Internal Revenue, when the facts shall appear to him, is authorized to remit so much of the said tax against any such insolvent banks and trust companies organized under State law as shall be found to affect the claims of their depositors.

"'(b) Whenever any bank or trust company, a substantial portion of the business of which consists of receiving deposits and making loans and discounts, has been released or discharged from its liability to its depositors for any part of their claims against it, and such depositors have accepted, in lieu thereof, a lien upon subsequent earnings of such bank or trust company, or claims against assets segregated by such bank or trust company or against assets transferred from it to an individual or corporate trustee or agent, no tax shall be assessed or collected, or paid into the Treasury of the United States on account of such bank, or trust company, such individual or corporate trustee or such agent, which shall diminish the assets thereof which are available for the payment of such depositor claims and which are necessary for the full payment thereof.

"'(c) Any such tax so collected shall be deemed to be erroneously collected, and shall be refunded subject to all provisions and limitations of law, so far as applicable, relating to the refunding of taxes, but tax so abated or refunded after the date of the enactment of the Revenue Act of 1938 shall be reassessed whenever it shall appear that payment of the tax will not diminish the assets as aforesaid. The running of the statute of limitations on the making of assessment and collection shall be suspended during, and for ninety days beyond, the period for which, pursuant to this section, assessment or collection may not be made, and a tax which has been abated may be reassessed and collected during the time within which, had there been no abatement, collection might have been made.

"'(d) This section shall not apply to any tax imposed by the Social Security Act.'"

And the Senate agree to the same.

Amendment numbered 235: That the House recede from its disagreement to the amendment of the Senate numbered 235, and agree to the same with an amendment, as follows: On page 68, line 4, of the Senate engrossed amendments strike out "820" and insert in lieu thereof "819"; and the Senate agree to the same.

Amendment numbered 236: That the House recede from its disagreement to the amendment of the Senate numbered 236, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"REVENUE BILL OF 1938

"Sec. 820. Mitigation of effect of limitation and other provisions in income tax cases.

"(a) Definitions: For the purpose of this section—

"(1) Determination: The term 'determination under the income tax laws' means—

"(A) A closing agreement made under section 606 of the Revenue Act of 1928, as amended:

"(B) A decision by the Board of Tax Appeals or a judgment, decree, or other order by any court of competent jurisdiction, which has become final; or

"(C) A final disposition by the Commissioner of a claim for refund. For the purposes of this section a claim for refund shall be deemed finally disposed of by the Commissioner—

"(i) as to items with respect to which the claim was allowed, upon the date of allowance of refund or credit or upon the date of mailing notice of disallowance (by reason of offsetting items) of the claim for refund, and

"(ii) as to items with respect to which the claim was disallowed, in whole or in part, or as to items applied by the Commissioner in reduction of the refund or credit, upon expiration of the time for instituting suit with respect thereto (unless suit is instituted prior to the expiration of such time).

"Such term shall not include any such agreement made, or decision, judgment, decree, or order which has become final, or claim for refund finally disposed of, prior to ninety days after the date of the enactment of this Act.

"(2) Taxpayer: Notwithstanding the provisions of section 901, the term 'taxpayer' means any person subject to a tax under the applicable Revenue Act.

"(3) Related taxpayer: The term 'related taxpayer' means a taxpayer who, with the taxpayer with respect to whom a determination specified in subsection (b) (1), (2), (3), or (4) is made, stood, in the taxable year with respect to which the erroneous inclusion, exclusion, omission, allowance, or disallowance therein referred to was made, in one of the following relationships: (A) husband and wife; (B) grantor and fiduciary; (C) grantor and beneficiary; (D) fiduciary and beneficiary, legatee, or heir; (E) decedent and decedent's estate; or (F) partner.

"(b) Circumstances of adjustment: When a determination under the income tax laws—

"(1) Requires the inclusion in gross income of an item which was erroneously included in the gross income of the taxpayer for another taxable year or in the gross income of a related taxpayer; or

"(2) Allows a deduction or credit which was erroneously allowed to the taxpayer for another taxable year or to a related taxpayer; or

"(3) Requires the exclusion from gross income of an item with respect to which tax was paid and which was erroneously excluded or omitted from the gross income of the taxpayer for another taxable year or from the gross income of a related taxpayer; or

"(4) Allows or disallows any of the additional deductions allowable in computing the net income of estates or trusts, or requires or denies any of the inclusions in the computation of net income of beneficiaries, heirs, or legatees, specified in section 162 (b) and (c) of this Act, and corresponding sections of prior revenue Acts, and the correlative inclusion or deduction, as the case may be, has been erroneously excluded, omitted, or included, or disallowed, omitted, or allowed, as the case may be, in respect of the related taxpayer; or

"(5) Determines the basis of property for depletion, exhaustion, wear and tear, or obsolescence, or for gain or loss on a sale or exchange, and in respect of any transaction upon which such basis depends there was an erroneous inclusion in or omission from the gross income of, or an erroneous recognition or nonrecognition of gain or loss to, the taxpayer or any person who acquired title to such property in such transaction and from whom mediately or immediately the taxpayer derived title subsequent to such transaction—

and, on the date the determination becomes final, correction of the effect of the error is prevented by the operation (whether before, on, or after the date of enactment of this Act) of any provision of the internal-revenue laws other than this section and other than section 3229 of the Revised Statutes, as amended (relating to compromises), then the effect of the error shall be corrected by an adjustment made under this section. Such adjustment shall be made only if there is adopted in the determination a position maintained by the Commissioner (in case the amount of the adjustment would be refunded or credited in the same manner as an overpayment under subsection (c)) or by the taxpayer with respect to whom the determination is made (in case the amount of the adjustment would be assessed and collected in the same manner as a deficiency under subsection (c)), which position is inconsistent with the erroneous inclusion, exclusion, omission, allowance, disallowance, recognition, or nonrecognition, as the case may be. In case the amount of the adjustment would be assessed and collected in the same manner as a deficiency, the adjustment shall not be made with respect to a related taxpayer unless he stands in such relationship to the taxpayer at the time the latter first maintains the inconsistent position in a return, claim for refund, or petition (or amended petition) to the Board of Tax Appeals for the taxable year with respect to which the determination is made, or if such position is not so maintained, then at the time of the determination.

"(c) Method of adjustment: The adjustment authorized in subsection (b) shall be made by assessing and collecting, or refunding or crediting, the amount thereof, to be ascertained as provided in subsection (d), in the same manner as if it were a deficiency determined by the Commissioner with respect to the taxpayer as to whom the error was made or an overpayment claimed by such taxpayer, as the case may be, for the taxable year with respect to which the error was made, and as if on the date of the determination specified in subsection (b) one year remained before the expiration of the periods of limitation upon assessment or filing claim for refund for such taxable year.

"(d) Ascertainment of amount of adjustment: In computing the amount of an adjustment under this section there shall first be ascertained the tax previously determined for the taxable year with respect to which the error was made. The amount of the tax previously determined shall be (1) the tax shown by the taxpayer, with respect to whom the error was made, upon his return for such taxable year, increased by the amounts previously assessed (or collected without assessment) as deficiencies, and decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax; or (2) if no amount was shown as the tax by such taxpayer upon his return, or if no return was made by such taxpayer, then the amounts previously assessed (or collected without assessment) as deficiencies, but such amounts previously assessed, or collected without assessment, shall be decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax. There shall then be ascertained the increase or decrease in the tax previously determined which results solely from the correct exclusion, inclusion, allowance, disallowance, recognition, or nonrecognition, of the item, inclusion, deduction, credit, gain, or loss which was the subject of the error. The amount so ascertained (together with any amounts wrongfully collected as additions to the tax or interest, as a result of such error) shall be the amount of the adjustment under this section.

"(e) Adjustment unaffected by other items, etc.: The amount to be assessed and collected in the same manner as a deficiency, or to

be refunded or credited in the same manner as an overpayment, under this section, shall not be diminished by any credit or set-off based upon any item, inclusion, deduction, credit, exemption, gain, or loss other than the one which was the subject of the error. Such amount, if paid, shall not be recovered by a claim or suit for refund or suit for erroneous refund based upon any item, inclusion, deduction, credit, exemption, gain, or loss other than the one which was the subject of the error.

"(f) No adjustment for years prior to 1932: No adjustment shall be made under this section in respect of any taxable year beginning prior to January 1, 1932."

And the Senate agree to the same.

Amendment numbered 238: That the House recede from its disagreement to the amendment of the Senate numbered 238, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 821. Interest accruing after October 24, 1933, and before August 30, 1935, on delinquent income, estate, and gift taxes.

"Interest accruing after October 24, 1933, and prior to August 30, 1935, on delinquent income, estate, and gift taxes shall be computed at the rate of 6 per centum per annum. Any such interest accruing during such period which has been collected prior to the date of the enactment of this Act in excess of such rate shall be credited or refunded to the taxpayer, if claim thereafter is filed within six months after the date of the enactment of this Act. No interest shall be allowed or paid on any such credit or refund."

And the Senate agree to the same.

"Amend the table of contents to read as follows:

"TABLE OF CONTENTS

PAT HARRISON,
WILLIAM H. KING,
WALTER F. GEORGE,
DAVID I. WALSH,
ARTHUR CAPPER,
A. H. VANDENBERG,
Managers on the part of the Senate.

R. L. DOUGHTON,
THOS. H. CULLEN,
FRED M. VINSON,
JERE COOPER,
Managers on the part of the House.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Mississippi that the Senate proceed to the consideration of the conference report.

The motion was agreed to.

The VICE PRESIDENT. The question is on agreeing to the conference report.

Mr. HARRISON. Mr. President, I ask unanimous consent to have printed in the RECORD a statement explanatory of the conference action on the so-called inventory amendment which has caused the conferees a great deal of difficulty.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT WITH RESPECT TO INVENTORIES IN CERTAIN INDUSTRIES

On amendment No. 10: All our former income-tax laws have authorized the use of inventories in computing income and have authorized that they shall be taken on such basis as the Commissioner may prescribe as conforming as nearly as may be to the best accounting practice in the trade or business and as most clearly reflecting the income. This inventory provision is therefore very broad in its terms, and the matter has in the past been worked out as an accounting problem. This accounting problem is very complicated. The Commissioner has in the past used one general rule known as the first-in, first-out rule, although this rule has variations.

An amendment was adopted on the floor of the Senate authorizing the Commissioner to allow inventories to be taken on what is known as the last-in, first-out rule. A study of this amendment developed the fact that at least in a first trial the use of this method or any similar method should be restricted to a few industries. The industries to which some such method appears most properly applicable are: (1) Smelters of nonferrous metals, (2) producers of certain elementary forms of brass and copper products, and (3) tanners. The conferees therefore agreed to restrict this provision to these industries.

Great difficulty has been experienced in working out the new inventory provision, and it is realized that it is not an entirely satisfactory solution of the problem. However, a start has been made, and it is hoped that the Treasury Department will make a careful study of the problem so that improvements can be made in the provision at the next session.

Mr. VANDENBERG. Mr. President, does the Senator from Mississippi intend to discuss the conference report at all?

Mr. HARRISON. I desire to answer any questions that any Senators may desire to ask me about any of the points involved.

Mr. VANDENBERG. Mr. President, if the Senator will permit me, I should like to make a brief statement; and then I shall be content to have a vote.

The Republican members of the conference committee have joined the majority members in signing the report, and I think the RECORD should show why we have done so. At the end of this long controversy in the tax bill conference the Senator from Kansas [Mr. CAPPER] and myself issued a statement giving the reasons why we joined the majority of the conferees in signing the report in spite of its defects. I am content to repeat for the RECORD the reasons announced by the Senator from Kansas and myself at that time.

The conference report on the new revenue bill is a long step toward a restoration of tax sanity, despite the unfortunate and unprecedented Presidential letter to the conference. On the major issues in controversy the report substantially sustains the original Senate bill and the course of action originally recommended by the House minority. For 2 years there will be a small and indefensible remnant of the surplus profits tax idea to which we continue to decline to subscribe in any degree. But the remnant is so small, and so well cushioned, and so sure of a final death sentence 2 years hence after the people have passed upon this issue at the polls, that we prefer to take the conference decision than to fall back on existing destructive law. Meanwhile, with a single relatively inconsequential exception, the capital-gains tax is reduced to the flat basis which we long have urged. We prefer this improvement, although not wholly adequate, rather than to return to the iniquity of existing law. There are other new provisions to lighten the tax load pressed down upon distressed business during recent years. These advantages must not be lost solely because we have not obtained all we desire. Our parliamentary choice at the moment is the lesser of two evils. Under these circumstances, the Republican Senate conferees will sign the report. But in this connection we reassert our belief: First, that the surplus-profits tax should be wholly repealed; second, that the capital-gains tax should be wholly leveled to a flat basis, with a shorter time defining short-term gains; third, that the tax bill should have been written to give business a permanent assurance that it is no longer to be pursued by ever-changing punitive levies; fourth, that the bill will not raise the anticipated revenue or remotely approach the balanced Budget which is vital to the national confidence prerequisite to national recovery.

Mr. President, for these reasons the Republican members of the conference committee on the part of the Senate have signed the report, although dissenting from some phases of it; and I think I am entitled to say that I am speaking for the Senator from Kansas as well as for myself.

Mr. CONNALLY. Mr. President, will the Senator yield for a question?

Mr. VANDENBERG. I yield.

Mr. CONNALLY. As I understand, the statement the Senator has read—I could not hear it all—is an explanation for himself and the Senator from Kansas [Mr. CAPPER] as to why they signed the conference report.

Mr. VANDENBERG. That is correct.

Mr. HARRISON. As I understand, however, both the Senator from Michigan and the Senator from Kansas signed the report?

Mr. VANDENBERG. That is correct.

Mr. CONNALLY. Is there any question of coercion in connection with the action of the Senator from Michigan and the Senator from Kansas?

Mr. VANDENBERG. Only the coercion of necessity, and the conditions in which the country finds itself.

Mr. CONNALLY. In other words, the Senator from Michigan and the Senator from Kansas signed of their own free will and accord?

Mr. VANDENBERG. Of our own free will and accord, under the circumstances. There is no free will and accord left in America in relation to matters of this nature.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

NATIONAL SCHOOL SAFETY PATROLS

Mr. ANDREWS. Mr. President, Friday and Saturday of last week thousands of boys and girls, young men and women, members of the school safety patrols, were assembled in Washington from nearly every State in the eastern half of the Union.

Saturday morning they paraded down Constitution Avenue, some 12,000 strong, with their bands playing and their flags waving, and I am sure that the Senator from Kansas [Mr. CAPPER] and the Senator from Rhode Island [Mr. GREEN] as well as Representative JOHN MCSWEENEY from Ohio, and Representative GREEN, of Florida, who were with me on the reviewing stand, thrilled as I did when these fine boys and girls marched by.

It is my understanding that there are nearly a quarter of a million boys and girls now members of the school safety patrols in more than 3,250 communities. Daily these youngsters are giving a practical demonstration of youth's contribution to the safety movement by protecting the lives of more than 8,000,000 schoolmates.

School, police, and A. A. A. Motor Club officials throughout the Nation give enthusiastic and full credit to these "sentinels of safety" and their sponsors for their important part in the splendid safety record among children of school age. This group has done what no other age group can rightfully claim—they have materially reduced their accident death rate in the past several years.

In the parade Saturday there were about 100 young boys and girls from Florida alone. I, naturally, was proud and glad to welcome them, and took a natural measure of pride in the fact that the Jacksonville corps led the parade and also won a prize in the competitive drills. My compliments go out to them and to their leaders on the splendid work they are doing to eliminate death and injury through unnecessary traffic accidents.

No traffic accident is necessary. There should never be a time when a driver of an automobile or a truck is in such a hurry that he will take a chance of sacrificing a human life. I think the slogan adopted by the Washington and Greene Counties, Pa., troops, "Alert Today—Alive Tomorrow"—which, incidentally, won another first prize—is one we should all remember.

Mr. President, I think it well that we pause a moment and recognize and pay tribute to the good work that the members of the National School Safety Patrols are doing throughout our Nation. When we consider that more American citizens are killed each year than were killed in the great World War, we must realize what a serious problem automobile recklessness is, and do what we can to help carry on the good work the school safety patrol is now doing.

Most of us here are fathers, and I am sure that our sympathies go out to every father and mother who has lost a son or a daughter through a ruthless and unnecessary traffic accident. A short time ago there appeared in the Eufaula (Ala.) Tribune an editorial which I feel deserves a place in the CONGRESSIONAL RECORD. I am going to read it. I wish it were possible to have this editorial printed on the front page of every newspaper in the United States, or else in some manner brought to the attention of all those who drive automobiles, in the hope that it would cause them to pause just a moment and not take that unnecessary chance which might cause the loss of life for some little boy or girl.

Here is the editorial:

MY LITTLE GIRL

Today my daughter, who is 7 years old, started to school as usual. She wore a dark blue dress with a white collar. She had on black shoes and wore blue gloves. Her cocker spaniel, whose name is Coot, sat on the front porch and whined his canine belief in the folly of education as she waved good-bye and started off to the hall of learning.

Tonight we talked about school. She told me about the girl who sits in front of her, the girl with yellow curls, and the boy across the aisle who makes funny faces. She told me about her teacher, who has eyes in the back of her head, and about the trees in the schoolyard, and about the big girl who doesn't believe

in Santa Claus. We talked about a lot of things—tremendously vital, unimportant things; and then we studied spelling, reading, arithmetic—and then to bed.

She's back there now—back in the nursery sound asleep, with "Princess Elizabeth" (that's a doll) cuddled in her right arm.

You guys wouldn't hurt her, would you? You see, I'm her daddy. When her doll is broken or her finger is cut or her head gets bumped, I can fix it—but when she starts to school, when she walks across the street, then she's in your hands.

She's a nice kid. She can run like a deer and darts about like a chipmunk. She likes to ride horses and swim and hike with me on Sunday afternoons. But I can't be with her all the time; I have to work to pay for her clothes and her education. So please help me look out for her. Please drive slowly past the schools and intersections—and please remember that children run from behind parked cars.

Please don't run over my little girl.

AGRICULTURAL APPROPRIATIONS

Mr. RUSSELL. Mr. President, I move that the Senate proceed to the consideration of House bill 10238, being the annual appropriation bill for the Agricultural Department.

The VICE PRESIDENT. The question is on the motion of the Senator from Georgia.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 10238) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1939, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. RUSSELL. I ask unanimous consent that the formal reading of the bill be dispensed with and that it be read for amendment, the amendments of the committee to be first considered.

The VICE PRESIDENT. Is there objection to the request of the Senator from Georgia? The Chair hears none. The clerk will proceed to state the amendments reported by the committee.

The first amendment of the Committee on Appropriations was, under the heading "Office of Experiment Stations—Payments to States, Hawaii, Alaska, and Puerto Rico for agricultural experiment stations," on page 10, line 7, after "(7 U. S. C. 386–386b)", to strike out "$50,000" and insert "$60,000", so as to read:

Hawaii: To carry into effect the provisions of an act entitled "An act to extend the benefits of certain acts of Congress to the Territory of Hawaii," approved May 16, 1928 (7 U. S. C. 386–386b), $60,000.

The amendment was agreed to.

The next amendment was, on page 10, line 16, after "(7 U. S. C. 369a)", to strike out "$7,500; in all, for Alaska, $22,500" and insert "$10,000; in all, for Alaska, $25,000", so as to read:

Alaska: To carry into effect the provisions of an act entitled "An act to extend the benefits of the Hatch Act and the Smith-Lever Act to the Territory of Alaska," approved February 23, 1929 (7 U. S. C. 386c), $15,000; and the provisions of section 2 of the act entitled "An act to extend the benefits of the Adams Act, the Purnell Act, and the Capper-Ketcham Act to the Territory of Alaska, and for other purposes," approved June 20, 1936 (7 U. S. C. 369a), $10,000; in all, for Alaska, $25,000.

The amendment was agreed to.

The next amendment was, on page 10, line 22, after "(7 U. S. C. 386d–386f)", to strike out "$40,000" and insert "$45,000", so as to read:

Puerto Rico: To carry into effect the provisions of an act entitled "An act to coordinate the agricultural experiment station work and to extend the benefits of certain acts of Congress to the Territory of Puerto Rico," approved March 4, 1931 (7 U. S. C. 386d–386f), $45,000.

The amendment was agreed to.

The next amendment was, on page 11, line 5, to strike out "$1,800,000" and insert "$2,400,000", so as to read:

Title 1, Bankhead-Jones Act: For payments to States, Hawaii, Alaska, and Puerto Rico, pursuant to authorizations contained in title 1 of an act entitled "An act to provide for research into basic laws and principles relating to agriculture and to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges," approved June 29, 1935 (7 U. S. C. 427–427g), $2,400,000.

The amendment was agreed to.

The next amendment was, on page 11, line 7, after the word "stations", to strike out "$6,232,500" and insert "$6,850,000", so as to read:

In all, payments to States, Hawaii, Alaska, and Puerto Rico for agricultural experiment stations, $6,850,000.

The amendment was agreed to.

The next amendment was, under the subhead "Salaries and expenses," on page 13, line 1, after the word "Stations", to strike out "$6,461,480" and insert "$7,078,980", so as to read:

Total, Office of Experiment Stations, $7,078,980, of which amount not to exceed $150,105 may be expended for personal services in the District of Columbia, and not to exceed $750 shall be available for the purchase of motor-propelled and horse-drawn passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia.

The amendment was agreed to.

The next amendment was, on page 14, line 3, after the name "District of Columbia", to strike out "$1,200,000" and insert "$1,600,000", so as to read:

SPECIAL RESEARCH FUND, DEPARTMENT OF AGRICULTURE

For enabling the Secretary of Agriculture to carry into effect the provisions of an act entitled "An act to provide for research into basic laws and principles relating to agriculture and to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges," approved June 29, 1935 (7 U. S. C. 427, 427b, 427c, 427f); for administration of the provisions of section 5 of the said act, and for special research work, including the planning, programming, and coordination of such research, to be conducted by such agencies of the Department of Agriculture as the Secretary of Agriculture may designate or establish, and to which he may make allotments from this fund, including the employment of persons and means in the District of Columbia and elsewhere, and the purchase, maintenance, repair, and operation of motor-propelled and horse-drawn passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia, $1,600,000.

The amendment was agreed to.

The next amendment was, under the heading "Extension Service—Payments to States, Hawaii, Alaska, and Puerto Rico," on page 16, line 3, after "343e)", to strike out "$5,000; in all, for Alaska, $18,918" and insert "$7,500; in all, for Alaska, $21,418", so as to read:

Alaska: To enable the Secretary of Agriculture to carry into effect the provisions of the act entitled "An act to extend the benefits of the Hatch Act and the Smith-Lever Act to the Territory of Alaska," approved February 23, 1929 (7 U. S. C. 386c), $13,918; and the provisions of section 3 of the act entitled "An act to extend the benefits of the Adams Act, the Purnell Act, and the Capper-Ketcham Act to the Territory of Alaska, and for other purposes," approved June 20, 1936 (7 U. S. C. 343e), $7,500; in all, for Alaska, $21,418.

The amendment was agreed to.

The next amendment was, on page 16, after line 4, to insert:

Puerto Rico: To enable the Secretary of Agriculture to carry into effect the provisions of the act entitled "An act to extend the benefits of section 21 of the Bankhead-Jones Act to Puerto Rico," approved August 28, 1937 (50 Stat. 881), $88,000.

The amendment was agreed to.

The next amendment was, on page 16, line 15, after the word "purposes", to strike out "$250,000" and insert "$275,000", so as to read:

Additional cooperative extension work: For additional cooperative agricultural extension work, including employment of specialists in economics and marketing, to be allotted and paid by the Secretary of Agriculture to the several States and the Territory of Hawaii in such amounts as he may deem necessary to accomplish such purposes, $275,000.

The amendment was agreed to.

The next amendment was, on page 16, line 18, after the word "work", to strike out "$13,143,918" and insert "$13,259,418", so as to read:

In all, payments to States, Hawaii, Alaska, and Puerto Rico for agricultural extension work, $13,259,418.

The amendment was agreed to.

The next amendment was, on page 18, at the end of line 20, to increase the total appropriation for the Extension Service from $14,036,172 to $14,151,672.

The amendment was agreed to.

The next amendment was, on page 18, line 22, after the word "Agriculture", to strike out "$24,367,907" and insert "$25,500,907", so as to read:

Grand total, office of the Secretary of Agriculture, $25,500,907.

The amendment was agreed to.

The next amendment was, under the heading "Weather Bureau—Salaries and expenses", on page 20, line 26, after the word "elsewhere", to strike out "$2,190,179" and insert $2,824,130", so as to read:

Aerology: For the maintenance of stations for observing, measuring, and investigating atmospheric phenomena, including salaries and other expenses, in the city of Washington and elsewhere, $2,824,130.

The amendment was agreed to.

The next amendment was, on page 21, line 1, after the word "Bureau", strike out "$4,678,049" and insert "$5,312,000", and in line 2, after the word "exceed", to strike out "$556,719" and insert "586,579", so as to read:

Total, Weather Bureau, $5,312,000, of which amount not to exceed $586,579 may be expended for personal services in the District of Columbia: *Provided*, That Weather Bureau part-time employees, appointed by designation or otherwise, under regulations of the Civil Service Commission, for observational work, may perform odd jobs in the installation, repair, improvement, alteration, cleaning, or removal of Government property and receive compensation therefor at rates of pay to be fixed by the Secretary of Agriculture.

The amendment was agreed to.

Mr. NORRIS. Mr. President, I have just come from the Committee on the Judiciary, which has been in session all the morning. I had the understanding that the agricultural appropriation bill would not come up until tomorrow. I assumed that the consideration of the conference report on the revenue bill would take some time.

I have quite a number of amendments to propose to the agricultural appropriation bill, and I intended to speak at some length on the bill; but, because of the other business pending before the Judiciary Committee, I have not been able to prepare myself to proceed today and did not suppose it would be necessary to do so. I am not even informed as to whether the amendments I have proposed, and which have been submitted to the committee, have been agreed to, or what number, if any, have been agreed to. I have not seen the bill since it was printed; and, so far as I know, there was not any way of seeing it or of knowing about those matters.

I should like to have an opportunity to examine the bill and to offer amendments which I have proposed, if they have not been agreed to by the committee, although they have been referred to the committee; but, because of work before the other committee, I have not been able to attend the meetings of the Committee on Appropriations. It would be impossible to have the bill disposed of today unless it should be done without giving any consideration on my part, at least, to the preparation of matters I had partially completed in the expectation of presenting them to the Senate in connection with this bill.

Mr. McNARY. Mr. President, I realize the predicament of the Senator from Nebraska. I concede that it is rather unusual to file a report and have a bill considered without its going over for a day and giving an opportunity for anyone desiring to do so to familiarize himself with the bill.

I suggest to the able Senator in charge of the bill and to the Senator from Nebraska that we might proceed with the consideration of committee amendments today and let the bill go over until tomorrow for final action, so that the Senator from Nebraska may have an opportunity to determine whether or not his amendments have been covered by the action of the committee.

Mr. RUSSELL. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Georgia?

Mr. NORRIS. Yes; I yield to the Senator.

Mr. RUSSELL. The Senator from Nebraska stated that he had an agreement that the bill would not be considered today. I do not know with whom the Senator had that agreement. The matter has never been mentioned to me by the Senator from Nebraska or anyone else.

Mr. NORRIS. Oh, no; I do not claim to have had such an agreement. I myself had that understanding from what I had heard of the committee, and also of the Senate.

Mr. RUSSELL. So far as I am concerned, I have no objection to having the committee amendments considered today and then having the bill go over until tomorrow.

Mr. NORRIS. May we have this understanding: Until I examine the bill, I am not sure but that there will be some committee amendments to which I shall wish to offer amendments, or some perhaps that I shall wish to oppose. Will the Senator agree that if, upon examination, it is found that there is any such thing, we may reconsider those amendments?

Mr. RUSSELL. If there is any matter that the Senator from Nebraska or any other Senator wishes to bring to the attention of the Senate, I shall, of course, have no objection to reconsidering any committee amendment which may be adopted. I should like to make some progress with the bill today.

Mr. NORRIS. All right. With that understanding, I am willing to proceed with the bill today.

Mr. RUSSELL. We were about a month late in getting the bill from the House this year. The committee has worked very earnestly and diligently to try to get the bill on the floor of the Senate, and I should like to make some progress with it today.

The VICE PRESIDENT. Let the Chair see if he understands the agreement. The committee amendments will be considered today, and then the bill will go over until tomorrow. On tomorrow, if the Senator from Nebraska desires to have a reconsideration of any one of the committee amendments which shall have been agreed to, that will be agreeable to the Senator from Georgia?

Mr. RUSSELL. I shall have no objection.

The VICE PRESIDENT. The Chair just wanted to get that matter straight.

Mr. BONE. Mr. President, I ask the Senator from Georgia if that understanding may apply to the rest of us.

Mr. RUSSELL. Certainly.

Mr. BONE. There is just one isolated point in the bill that I may want to have reconsidered.

Mr. RUSSELL. I have no objection to the reconsideration of any amendment which any Senator may wish to amend. I do not think amendments should be arbitrarily reconsidered; but when any Senator wishes to offer an amendment to a committee amendment which has been adopted, I shall interpose no objection to a reconsideration of the committee amendment.

Mr. BYRNES. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield.

Mr. BYRNES. If the committee amendments should be adopted in a short while, and other Members of the Senate have amendments to offer to the bill, is there any reason why they should not be considered, with the understanding that the consideration of the bill would not be concluded today, but opportunity would be given to the Senator from Nebraska to offer his amendments tomorrow? Other Members of the Senate may have amendments they would like to offer and discuss today.

Mr. BARKLEY. Mr. President, if the Senator will yield, it was not my understanding that the mere postponement of final action on the bill until tomorrow, so as to give the Senator from Nebraska an opportunity to examine it and determine what his course would be, was to be interpreted as precluding any Member from offering amendments and continuing the consideration of the bill today.

Mr. RUSSELL. I do not understand that we are limited merely to the consideration of committee amendments today. My understanding is that we may go as far as possible with the bill today, and then that the bill will be carried over until tomorrow to give all Members of the Senate an opportunity to offer any amendments they may see fit to offer.

Mr. BORAH. Mr. President, am I to understand that the bill is to go over until tomorrow, and that it will then be open to amendment by any Senator?

The VICE PRESIDENT. The Senator is correct.

Mr. VANDENBERG. Mr. President, I desire to ask the chairman of the subcommittee for two or three general facts in connection with the bill, for the RECORD. Will he state how much the Senate committee has increased the bill over the bill as it passed the House?

Mr. RUSSELL. The amount of the bill as reported to the Senate is approximately $48,000,000 above the amount of the bill as it passed the House.

Mr. VANDENBERG. How does it compare with this year's appropriations and the Budget estimates for next year?

Mr. RUSSELL. The amount of the bill as it was reported to the Senate exceeds the appropriation for 1938 by approximately $68,000,000, and exceeds the Budget estimates for 1939 by $38,000,000, in round figures.

While I am answering questions, I may as well make a brief statement showing what this increase involves.

Mr. President, there is no substantial increase in the amounts provided for the ordinary activities of the Department of Agriculture. The sums which are included in the increase grow out of legislation that was enacted by the Congress which fixed definite responsibilities on the Department of Agriculture. For illustration, $26,000,000 of the increase is involved in setting up the crop-insurance organization to insure the wheat crops of the United States. That is the largest single item of the increase. The basic law provided for a capital stock of $100,000,000 for this Government corporation. The Budget estimated only $20,000,000 to subscribe to the capital stock of the Crop Insurance Corporation. Six million dollars is for the administrative expenses of the Crop Insurance Corporation.

In addition to the $26,000,000 item, which provides for the establishment of the Federal Crop Insurance Corporation, Congress at the last session passed an act providing for a farm tenant purchase program. That act authorized the expenditure of $25,000,000 for the coming fiscal year. The Budget estimate for this item was $15,000,000. The House bill provided for the appropriation of $15,000,000. The Senate committee, after hearings, has increased this item from $15,000,000 to $25,000,000, the full amount of the authorization.

Another item which goes into the increase is the submarginal land purchase program, the land-utilization program of the Farm Security Administration. The full amount authorized by the Bankhead-Jones Act for the coming fiscal year is $20,000,000. The bill as reported to the Senate provides $15,000,000.

We have approximately $56,000,000 in three items which go into the increase which were not in last year's bill, because Congress passed the authorizations after the passage of the Agricultural Appropriation Act for 1938.

Mr. VANDENBERG. Mr. President, may I ask the Senator a question at that point?

Mr. RUSSELL. I yield.

Mr. VANDENBERG. Is the Senator familiar with any other contemporary authorizations in the agricultural field of legislation which have not been financed and which are yet to come to us in a deficiency bill?

Mr. RUSSELL. I am not a member of the Committee on Agriculture and Forestry, and am not familiar with all the legislation which has been enacted, but there have been some authorizations by Congress which are not provided for in the bill before us. Some of the new activities had estimates from the Budget but are nevertheless omitted from the bill.

I might say that another million dollars of the increase over last year's appropriation and over the Budget estimate is due to the increment provided in the Bankhead-Jones Act providing for research work in cooperation with the States. The Budget estimate for these items was $1,000,000 below the amount authorized by law.

The land-grant colleges, through a committee, appeared before the Committee on Appropriations and showed that many of these institutions had already secured appropriations from State legislatures to be expended in conjunction with work planned to be done with this increment of $1,000,000. The committee felt that there was a moral obligation on the Government of the United States to provide this $1,000,000, after having authorized it, and after the land-grant colleges had acted in good faith in contemplation of receiving funds under that authorization. Never before in the history of the Federal Government, so far as I know, has the Congress failed to appropriate funds as authorized by law to the land-grant colleges for extension and research work, when the land-grant colleges had made their plans and secured their funds for the purpose of matching those appropriations.

Of course, there are a number of other items in which the Budget estimates have either been slightly reduced or slightly increased, but the appropriations I have outlined constitute the substantial parts of the increase of this year's appropriation bill over last year's appropriation bill, all being made pursuant to authorizations by Congress.

Mr. VANDENBERG. These authorizations all represent the creation of new functions, I understand.

Mr. RUSSELL. Not altogether. For example, the appropriations for submarginal lands and the tenant purchase program merely carry on and broaden the scope of the work which had been done heretofore under the Resettlement Administration. However, the $26,000,000 for the Federal crop insurance is for a new function.

There is another item in the bill where the committee increased the Budget estimate by $15,000,000, and this item and the others I have already explained to the Senate amount to more than the increase of this year's appropriation over last year's appropriation. I refer to the appropriations for benefit payments to farmers. The amount of the Budget estimate for conservation payments to farmers and benefit payments to farmers was $485,000,000. Last year the appropriation for this purpose was $500,000,000. In the discussion of the farm bill it was stated repeatedly, and carried by the press of the Nation, that there would be no larger sum than $500,000,000 available unless new revenue were raised. The President made a statement to the same effect. The committee felt that the farmers of the country had every right to believe that there would be no reduction in their last year's or the current year's soil conservation and benefit payments. Therefore we restored the appropriation to $500,000,000, which was the amount carried last year, but which is $15,000,000 more than was appropriated in the bill as it passed the House of Representatives.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. BORAH. I have not had time to familiarize myself with the various items, and I do not know just where they appear. What became of the appropriation for the eradication of noxious weeds?

Mr. RUSSELL. That was restored to the full amount of the Budget estimate. The House had made a reduction in the appropriation for some reason, had almost eliminated it, in fact. Several Senators appeared before the Committee on Appropriations and expressed an interest in the item, and, in addition, the representatives of the Department of Agriculture stated that it would severely hamper them in their work if the item were reduced. Therefore, the Senate committee restored the item to the full amount of the Budget estimate.

Mr. BORAH. $40,000?

Mr. RUSSELL. Yes.

Mr. VANDENBERG. Mr. President, has the Senator figures available to show how the pending bill compares with the 1937 bill, the year preceding the one upon which he has reported?

Mr. RUSSELL. I am sorry I do not have those figures available. It is my recollection that the amount of the 1937 bill was approximately the amount of the bill for the present year. My rough calculation would be that the total of the pending bill exceeds the appropriation for 1937 by approximately $70,000,000.

Mr. VANDENBERG. That raises the point upon which I desire information. According to a compilation made by the Senate Committee on Appropriations, the total expenditures for the Department of Agriculture for 1937 amounted to $1,264,000,000, whereas the appropriation in the pending bill is $758,000,000. Yet it is the Senator's belief that it is as large as the comparable bill for 1937. Is there another agricultural appropriation bill, in addition to this one?

Mr. RUSSELL. There is not. I might say that there is a great deal of confusion about this bill. It is not limited solely to the activities of the Department of Agriculture. For instance, the bill contains an appropriation of $200,000,000 for public highways, which happen to be administered under the Department of Agriculture.

Mr. VANDENBERG. If the amount carried in the 1937 comparable bill was in the neighborhood of $70,000,000 less than the amount carried in the pending bill, how would the total expenditures under the Department of Agriculture for 1937 have been a billion two hundred and sixty-four million dollars?

Mr. RUSSELL. I do not have the figures referred to by the Senator from Michigan showing that the Department of Agriculture spent $1,264,000,000 for 1937. The regular appropriation bill for the Department of Agriculture for 1937 did not carry any such sum.

Mr. VANDENBERG. The compilation made by the division of bookkeeping and warrants in the Treasury Department as of April 13, 1938, showed total expenditures under the Department of Agriculture for 1937 of $1,264,062,945.95.

Mr. RUSSELL. I am sorry, but I cannot cast any light upon that, unless embraced in those figures are the deficiency appropriations which were made for benefit payments that were stopped by virtue of the decision in the Hoosac Mills case. After the original processing taxes were invalidated Congress did make a deficiency appropriation of about $275,000,000 to enable the Government to fulfill its contract with the farmers who were threatened with not receiving their payments by virtue of the invalidation of the processing taxes. Unless that is the period in which that appropriation was made, I cannot account for the figures given by the Senator from Michigan.

Mr. NYE. Mr. President, let me suggest that the figures to which the Senator from Michigan refers might also be inclusive of appropriations made under the head of Farm Security.

Mr. RUSSELL. Of course, those figures could include the allocations made to the Farm Security Administration from relief funds, which amount to approximately $80,000,000 each year. I would think they would be included in the figures presented by the Senator from Michigan.

Mr. VANDENBERG. I merely desire to make this observation in passing. I am not a member of the Committee on Appropriations, and I am not familiar with the items in the pending bill. They may all be justified, and I am not seeking to be critical of them. I do desire to call attention to the sum total of the trend in which we find ourselves caught up.

The total expenditures for the Department of Agriculture up to 1930, only 7 years ago, never exceeded $177,000,000 a year. As recently as 1920 the Department of Agriculture was spending $66,000,000 a year. As recently as 1933 the Department of Agriculture was spending only $255,000,000 a year. In 1937 the expenditure was $1,264,000,000.

Mr. President, we have multiplied the expenditures of the Department of Agriculture by at least six in the last decade, and I am not at all clear that the farmer is any better off than he was then. Certainly he will not be any better off if on top of these enormous increases we are constantly to pyramid appropriations and functions, as we continue to permit both under the pending bill. The excess over last year is $68,000,000. If this trend continues, it never will be possible to balance the Federal Budget, and it never will be possible to save the country from one of three things—inflation, repudiation, or a capital levy.

Mr. President, in connection with my observations, I ask that there be printed in the RECORD at this point the table of Department of Agriculture expenditures from 1862 to 1937 as compiled by the Treasury Department.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The table is as follows:

Department of Agriculture

[Created as an executive department by act May 15, 1862]

Fiscal year:	
1862	[1] $70,000.00
1863	[1] 80,000.00
1864	[2] 85,134.36
1865	155,104.05
1866	167,487.82
1867	139,400.00
1868	259,125.70
1869	237,779.67
1870	149,500.00
1871	184,600.00
1872	191,362.91
1873	226,941.77
1874	227,493.11
1875	322,939.19
1876	240,521.14
1877	194,655.63
1878	192,917.34
1879	205,434 94
1880	199,000.00
1881	291,422.53
1882	330,292.63
1883	426,620.47
1884	425,170.35
1885	525,916.97
1886	485,374.85
1887	636,351.90
1888	1,414,173.90
1889	1,750,026.57
1890	1,612,796.12
1891	1,797,147.16
1892	2,943,862.47
1893	3,250,397.72
1894	3,321,500.00
1895	3,226,975.34
1896	3,318,740.62
1897	3,168,532.00
1898	3,267,960.61
1899	3,520,528.01
1900	3,760,936.61
1901	3,992,338.16
1902	4,605,703.65
1903	5,093,035.12
1904	5,235,965.09
1905	5,838,953.02
1906	7,180,630.24
1907	10,063,980.86
1908	12,430,755.38
1909	14,382,143.58
1910	15,666,234.45
1911	16,939,766.77
1912	19,471,567.42
1913	20,469,027.70
1914	22,208,142.12
1915	29,131,112.07
1916	28,031,540.33
1917	29,587,148.95
1918	46,759,461.46
1919	36,888,371.28
1920	66,611,066.69
1921	120,599,697.08
1922	143,984,462.69
1923	126,567,723.60
1924	143,653,183.79
1925	159,727,804.30
1926	155,754,232.74
1927	155,584,082.39
1928	161,752,027.61
1929	171,673,722.10
1930	177,329,578.41
1931	311,380,192.77
1932	305,673,873.14
1933	255,474,526.83
1934	621,151,904.11
1935	1,213,807,026.25
1936	961,729,848.71
1937	1,264,062,945.99

[1] Expenditures under appropriation for collection of agricultural statistics, etc., for promoting agriculture, etc. (Patent Office, Interior.)

[2] This appears to be the first showing disbursements for salaries under Department of Agriculture.

Treasury Department, Division of Bookkeeping and Warrants, Apr. 13, 1938.

The PRESIDENT pro tempore. The clerk will state the next amendment of the Committee on Appropriations.

The next amendment was, under the heading "Bureau of Animal Industry—Salaries and expenses," on page 26, line 18, after the word "animal", to insert a colon and the following additional proviso: "*Provided further*, That within the above limitations the Secretary shall provide for higher payments in areas where compulsory testing for Bang's disease is in progress, such higher payments not to exceed $5 in the case of grade animals and $8 in the case of pure-bred animals"; on page 27, line 1, before the word "the", to strike out "no payment has been made prior to that date by", and on the same page, line 3, after the word "condemned", to strike out the semicolon and "but in such cases the Federal payment shall not exceed the amount which the Federal Government normally would pay if the indemnity was being paid jointly by the State and the Federal Government" and insert "has made no payment or has not equaled the Federal payment", so as to read:

Eradicating tuberculosis and Bang's disease: For the control and eradication of the diseases of tuberculosis and paratuberculosis of animals, avian tuberculosis, and Bang's disease of cattle, $5,403,000, together with the unobligated balances of the funds made available by the act of May 25, 1934 (48 Stat. 805), and section 37 of the act of August 24, 1935 (49 Stat. 775–776): *Provided*, That in carrying out the purpose of this appropriation, if in the opinion of the Secretary of Agriculture it shall be necessary to condemn and destroy tuberculous or paratuberculous cattle, or cattle reacting to the test for Bang's disease, and if such animals have been destroyed, condemned, or die after condemnation, he may, in his discretion, and in accordance with such rules and regulations as he may prescribe, expend in the city of Washington or elsewhere such sums as he shall determine to be necessary for the payment of indemnities to owners of such animals but, except as hereinafter provided, no part of the money hereby appropriated shall be used in compensating owners of such cattle except in cooperation with and supplementary to payments to be made by State, Territory, county, or municipality where condemnation of such cattle shall take place, nor shall any payment be made hereunder as compensation for or on account of any such animal if at the time of inspection or test, or at the time of condemnation thereof, it shall belong to or be upon the premises of any person, firm, or corporation to which it has been sold, shipped, or delivered for the purpose of being slaughtered: *Provided further*, That out of the money hereby appropriated no payment as compensation for any cattle condemned for slaughter shall exceed one-third of the difference between the appraised value of such cattle and the value of the salvage thereof; that, except as hereinafter provided, no payment hereunder shall exceed the amount paid or to be paid by the State, Territory, county, and municipality where the animal shall be condemned; and that in no case shall any payment hereunder be more than $25 for any grade animal or more than $50 for any pure-bred animal: *Provided further*, That within the above limitations the Secretary shall provide for higher payments in areas where compulsory testing for Bang's disease is in progress, such higher payments not to exceed $5 in the case of grade animals and $8 in the case of pure-bred animals: *Provided further*, That indemnity payments may be made for cattle slaughtered prior to May 1, 1939, even though the State, Territory, county, or municipality where animals are condemned has made no payment or has not equaled the Federal payment: *Provided further*, That not to exceed $100,000 of the amount herein made available may be used for continuation of scientific experimentation in diseases of livestock as authorized by section 37 of the act of August 24, 1935 (7 U. S. S. 612b).

The amendment was agreed to.

The next amendment was, on page 28, line 6, after the word "authorities", to strike out "$120,000" and insert "$124,192", so as to read:

Hog-cholera control: For the control and eradication of hog cholera and related swine diseases, by such means as may be necessary, including demonstrations, the formation of organizations, and other methods, either independently or in cooperation with farmers' associations, State or county authorities, $124,192.

The amendment was agreed to.

The next amendment was, on page 28, after line 17, to strike out the following subhead:

Meat inspection.

The amendment was agreed to.

The next amendment was, on page 29, line 2, after the word "printing", to strike out "$5,400,000" and insert "$5,412,600", so as to read:

Meat inspection: For expenses in carrying out the provisions of the Meat Inspection Act of June 30, 1906 (21 U. S. C. 95), as amended by the act of March 4, 1907 (21 U. S. C. 71–94), as extended to equine meat by the act of July 24, 1919 (21 U. S. C. 96), and as authorized by section 2 (a) of the act of June 26, 1934 (31 U. S. C. 725a), including the purchase of printed tags, labels, stamps, and certificates without regard to existing laws applicable to public printing, $5,412,600.

The amendment was agreed to.

The next amendment was, under the subhead "Eradication of foot-and-mouth and other contagious diseases of animals", on page 32, line 4, after the word "Industry", to strike out "$10,322,131" and insert "$14,138,923", so as to read:

Total, Bureau of Animal Industry, $14,138,923, of which amount not to exceed $873,141 may be expended for departmental personal services in the District of Columbia, and not to exceed $66,150 shall be available for the purchase of motor-propelled and horse-drawn passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia.

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Dairy Industry—Salaries and expenses," on page 33, line 2, after the word "buildings", to strike out "$640,699" and insert "$653,120", so as to read:

Dairy investigations: For conducting investigations, experiments, and demonstrations in dairy industry, cooperative investigations of the dairy industry in the various States, and inspection of renovated-butter factories, including repairs to buildings, not to exceed $5,000 for the construction of buildings, $653,120.

The amendment was agreed to.

The next amendment was, on page 33, line 3, after the word "Industry", to strike out "$711,194" and insert "$723,615", and in line 4, after the word "exceed", to strike out "$338,470" and insert "$348,550", so as to read:

Total, Bureau of Dairy Industry, $723,615, of which amount not to exceed $348,550 may be expended for personal services in the District of Columbia.

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Plant Industry—Salaries and expenses", on page 34, line 8, before the word "of", to strike out "$40,000" and insert "$76,635", and in the same line, after the word "which", to strike out "$4,000" and insert "$40,000", so as to read:

Botany: For investigation, improvement, and utilization of wild plants and grazing lands, and for determining the distribution of weeds and means of their control, $76,635, of which $40,000 shall be expended for scientific investigation concerning control and eradication of whitetop, bindweed, and other noxious weeds.

The amendment was agreed to.

The next amendment was, on page 34, line 17, after the word "production", to strike out "$532,371" and insert "$541,871", so as to read:

Cereal crops and diseases: For the investigation and improvement of cereals, including corn, and methods of cereal production and for the study and control of cereal diseases, and for the investigation of the cultivation and breeding of flax for seed purposes, including a study of flax diseases, and for the investigation and improvement of broomcorn and methods of broomcorn production, $541,871.

The amendment was agreed to.

The next amendment was, on page 35, line 6, after the word "conditions", to strike out "$211,828" and insert "$226,828", so as to read:

Dry-land agriculture: For the investigation and improvement of methods of crop production under subhumid, semiarid, or dry-land conditions, $226,828: *Provided*, That no part of this appropriation shall be used for the establishment of any new field station.

The amendment was agreed to.

The next amendment was, on page 35, line 18, after the word "control", to strike out "$294,993" and insert "$304,993", so as to read:

Forage crops and diseases: For the investigation and improvement of forage crops, including grasses, alfalfas, clovers, soybeans, lespedezas, vetches, cowpeas, field peas, and miscellaneous legumes; for the investigation of green-manure crops and cover crops; for investigations looking to the improvement of pastures; and for the investigation of forage-crop diseases and methods of control, $304,993.

The amendment was agreed to.

The next amendment was, on page 36, line 13, after the word "storage", to strike out "$1,159,182" and insert "$1,289,182", so as to read:

Fruit and vegetable crops and diseases: For investigation and control of diseases, for improvement of methods of culture, propagation, breeding, selection, and related activities concerned with the production of fruits, nuts, vegetables, ornamentals, and related plants, for investigation of methods of harvesting, packing, shipping, storing, and utilizing these products, and for studies of the physiological and related changes of such products during processes of marketing and while in commercial storage, $1,289,182.

The amendment was agreed to.

The next amendment was, on page 37, line 16, after the word "country", to strike out "$100,933" and insert "$300,000", so as to read:

Plant exploration and introduction: For investigations in seed and plant introduction, including the study, collection, purchase, testing, propagation, and distribution of rare and valuable seeds, bulbs, trees, shrubs, vines, cuttings, and plants from foreign countries and from our possessions, and for experiments with reference to their introduction and cultivation in this country, $300,000.

The amendment was agreed to.

The next amendment was, on page 39, line 12, after the word "seed", to strike out "$297,500" and insert "$322,500", so as to read:

Sugar-plant investigations: For sugar-plant investigations, including studies of diseases and the improvement of sugar beets and sugar-beet seed, $322,500.

The amendment was agreed to.

The next amendment was, on page 39, line 20, after the word "Industry", to strike out "$4,435,040" and insert "$4,860,242", and, in line 21, after the word "exceed", to strike out "$1,499,573" and insert "$1,504,573", so as to read:

Total, Bureau of Plant Industry, $4,860,242, of which amount not to exceed $1,504,573 may be expended for departmental personal services in the District of Columbia and not to exceed $14,550 shall be available for the purchase of motor-propelled and horse-drawn passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia.

The amendment was agreed to.

The next amendment was, under the heading "Forest Service—Salaries and expenses", on page 43, line 2, after the word "forests", to insert a comma and "including experimental forests", and on page 44, line 1, after "(16 U. S. C. 471, 499, 505, 564–570)", to strike out the comma and "lands transferred by authority of the Secretary of Agriculture from the Resettlement Administration to the Forest Service, and lands transferred to the Forest Service under authority of the Bankhead-Jones Farm Tenant Act, $11,569,754" and insert "$11,504,754", so as to read:

National forest protection and management: For the administration, protection, use, maintenance, improvement, and development of the national forests, including the establishment and maintenance of forest tree nurseries, including the procurement of tree seed and nursery stock by purchase, production, or otherwise, seeding and tree planting and the care of plantations and young growth; the maintenance and operation of aerial fire control by contract or otherwise, including the purchase of one airplane; the maintenance of roads and trails and the construction and maintenance of all other improvements necessary for the proper and economical administration, protection, development, and use of the national forests, including experimental forests: *Provided*, That where, in the opinion of the Secretary of Agriculture, direct purchases will be more economical than construction, improvements may be purchased; the construction, equipment, and maintenance of sanitary, fire preventive, and recreational facilities; control of destructive forest tree diseases and insects; timber cultural operations; development and application of fish and game management plans; propagation and transplanting of plants suitable for planting on semiarid portions of the national forests; estimating and appraising of timber and other resources and development and application of plans for their effective management, sale, and use; examination, classification, surveying, and appraisal of land incident to effecting exchanges authorized by law and of lands within the boundaries of the national forests that may be opened to homestead settlement and entry under the act of June 11, 1906 (16 U. S. C. 506–509), and the act of August 10, 1912 (16 U. S. C. 506), as provided by the act of March 4, 1913 (16 U. S. C. 512); and all expenses necessary for the use, maintenance, improvement, protection, and general administration of the national forests, including lands under contract for purchase or for the acquisition of which condemnation proceedings have been instituted under the act of March 1, 1911 (16 U. S. C. 521), and the act of June 7, 1924 (16 U. S. C. 471, 499, 505, 564–570), $11,504,754: *Provided*, That $200 of this appropriation shall be available for the expenses of properly caring for the graves of firefighters buried at Wallace, Idaho; Newport, Wash.; and Saint Maries, Idaho.

The amendment was agreed to.

The next amendment was, on page 44, line 15, after the word "forests", to strike out "$20,000" and insert "$10,000", so as to read:

Water rights: For the investigation and establishment of water rights, including the purchase thereof or of lands or interests in lands or rights-of-way for use and protection of water rights necessary or beneficial in connection with the administration and public use of the national forests, $10,000.

The amendment was agreed to.

The next amendment was, on page 45, line 3, after the word "industries", to strike out "$200,000" and insert "$100,000", so as to read:

Private forestry cooperation: For cooperation with and advice to timberland owners and associations, wood-using industries or other appropriate agencies in the application of forest management principles to private forest lands, so as to attain sustained yield management, the conservation of the timber resource, the productivity of forest lands, and the stabilization of employment and economic continuance of forest industries, $100,000.

The amendment was agreed to.

The next amendment was, on page 45, line 20, after the word "elsewhere", to strike out "$638,403" and insert "658,403", so as to read:

Forest management: Fire, silvicultural, and other forest investigations and experiments under section 2, as amended, at forest experiment stations or elsewhere, $658,403.

The amendment was agreed to.

The next amendment was, on page 45, line 24, after the word "elsewhere", to strike out "$225,935" and insert "$250,935", so as to read:

Range investigations: Investigations and experiments to develop improved methods of management of forest and other ranges under section 7, at forest or range experiment stations or elsewhere, $250,935.

The amendment was agreed to.

The next amendment was, on page 46, line 7, after the numerals "10", to strike out "$100,000" and insert "$121,295", so as to read:

Forest economics: Investigations in forest economics under section 10, $121,295.

The amendment was agreed to.

The next amendment was, on page 46, line 15, after the word "therefor", to strike out "$114,152" and insert "$164,152", so as to read:

Forest influences: For investigations and experiments at forest experiment stations or elsewhere for determining and demonstrating the influence of natural vegetative cover characteristic of forest, range, or other wild land on water conservation, flood control, stream-flow regulation, erosion, climate, and maintenance of soil productivity, and for developing preventive and control measures therefor, $164,152.

The amendment was agreed to.

The next amendment was, on page 46, line 16, after the word "expenses", to strike out "$14,454,105" and insert "$14,395,400", so as to read:

In all, salaries and expenses, $14,395,400; and in addition thereto there are hereby appropriated all moneys received as contributions toward cooperative work under the provisions of section 1 of the act approved March 3, 1925 (16 U. S. C. 572), which funds shall be covered into the Treasury and constitute a part of the special funds provided by the Act of June 30, 1914 (16 U. S. C. 498): *Provided*, That not to exceed $853,349 may be expended for departmental personal services in the District of Columbia: *Provided further*, That not to exceed $1,000 may be expended for the contribution of the United States to the cost of the office of the secretariat of the International Union of Forest Research Stations.

The amendment was agreed to.

The next amendment was, on page 47, line 16, after the word "act", to strike out "$1,610,007" and insert "$2,500,000", and in line 17, after the word "exceed", to strike out "$45,277" and insert "$83,197", so as to read:

FOREST-FIRE COOPERATION

For cooperation with the various States or other appropriate agencies in forest-fire prevention and suppression and the protection of timbered and cut-over lands in accordance with the provisions of sections 1, 2, and 3 of the act entitled "An act to provide for the protection of forest lands, for the reforestation of

denuded areas, for the extension of national forests, and for other purposes, in order to promote continuous production of timber on lands chiefly valuable therefor," approved June 7, 1924 (16 U. S. C. 564–570), as amended, including also the study of the effect of tax laws and the investigation of timber insurance as provided in section 3 of said act, $2,500,000, of which not to exceed $83,197 shall be available for departmental personal services in the District of Columbia and not to exceed $2,500 for the purchase of supplies and equipment required for the purposes of said act in the District of Columbia.

The amendment was agreed to.

The next amendment was, under the subhead "Acquisition of lands for national forests" on page 49, line 2, after the word "lands", to strike out "$2,000,000" and insert "$3,000,000"; in line 3, after the word "exceed", to strike out "$75,000" and insert "$112,500"; and in line 5, after the name "District of Columbia", to strike out the colon and the following additional proviso:

Provided further, That no part of this appropriation shall be used to acquire any of the following described lands in the State of Nevada: Sections 1, 2, 3, 4, 10 to 15, inclusive, S½NE¼, W½, and SE¼ sec. 16, E½ sec. 18, E½NE¼, N½NW¼, and SW¼NW¼ sec. 21, secs. 22 and 23, N½, N½SW¼, and NE¼SE¼ sec. 24, secs. 26 and 28, T. 18 N., R 18 E.; secs. 20, 22, 24, 25, 27, 28, and 32, T. 19 N., R. 18 E.; secs. 7, 8, 18, 19, 30, and 31, T. 20 N, R. 18 E.; secs. 1, 11, 13, and 15, T. 17 N, R. 19 E.; secs. 4 to 10, inclusive, and 14 to 19, inclusive, N½NW¼ sec. 20, secs. 21 to 26, inclusive, E½ sec. 34, and all sec. 35, T. 18 N, R. 19 E.; sec. 32, T. 19 N., R. 19 E.; and sec. 31, T. 18 N, R. 20 E., Mount Diablo meridian.

So as to read:

For the acquisition of forest lands under the provisions of the act approved March 1, 1911, as amended (16 U. S. C. 513–519, 521), including the transfer to the Office of the Solicitor of such funds for the employment by that office of persons and means in the District of Columbia and elsewhere as may be necessary in connection with the acquisition of such lands, $3,000,000: *Provided*, That not to exceed $112,500 of the sum appropriated in this paragraph may be expended for departmental personal services in the District of Columbia.

The amendment was agreed to.

The next amendment was, on page 49, after line 23, to insert:

For the acquisition of certain lands for and the addition thereof to the Tahoe National Forest, in the State of Nevada, in accordance with the provisions of the act entitled "An act to provide for the acquisition of certain lands for and the addition thereof to the Tahoe National Forest, in the State of Nevada, and the acquisition of certain other lands for the completion of the acquisition of the remaining lands within the limits of the Great Smoky Mountains National Park, in east Tennessee," approved February 12, 1938, $325,000.

The amendment was agreed to.

The next amendment was, on page 50, line 16, after the word "Service", to strike out "$18,614,112" and insert "$20,370,400", so as to read:

Total, Forest Service, $20,370,400, of which amount not to exceed $57,915 shall be available for the purchase of motor-propelled and horse-drawn passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia, and in addition thereto there is authorized for expenditure from funds provided for carrying out the provisions of the Federal Highway Act of November 9, 1921 (23 U. S. C. 21, 23), not to exceed $7,087 for the purchase of motor-propelled passenger-carrying vehicles for use by the Forest Service in the construction and maintenance of national-forest roads.

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Chemistry and Soils—Salaries and expenses", on page 52, line 10, after the word "analysis", to strike out "$342,500" and insert "$372,500", so as to read:

Agricultural chemical investigations: For conducting the investigations contemplated by the act of May 15, 1862 (5 U. S. C. 511, 512), relating to the application of chemistry to agriculture; for the biological, chemical, physical, microscopical, and technological investigation of foods, feeds, drugs, plant and animal products, and substances used in the manufacture thereof; for investigations of the physiological effects and for the pharmacological testing of such products and of insecticides; for the investigation and development of methods for the manufacture of sugars, sugar sirups and starches and the utilization of new agricultural materials for such purposes; for the technological investigation of the utilization of fruits and vegetables and for frozen pack investigations; for the investigation of chemicals for the control of noxious weeds and plants; and to cooperate with associations and scientific societies in the development of methods of analysis, $372,500.

Mr. OVERTON. Mr. President, there is no objection on my part to the committee amendment, but in the report accompanying the bill there is a break-down of this increase of $30,000, wherein the increase is allocated exclusively to tung oil investigation, and it is my understanding that $20,000 was to be allocated for tung oil investigation and $10,000 for investigation and development of methods for the manufacture of sugar, sugar sirups, and starches, and utilization of new agricultural methods for such purposes. I should like to ask the Senator from Georgia [Mr. RUSSELL], in charge of the bill, whether that was not an error in the report?

Mr. RUSSELL. The Senator from Louisiana is correct, Mr. President. Twenty thousand dollars of that appropriation was provided for the tung oil investigation, and through some error in writing up the report it was omitted to state that $10,000 of that fund was to restore a Budget estimate for the purpose of carrying on the sugarcane and sugar beet investigation.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment on page 52, line 10.

The amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment of the committee.

The next amendment was, on page 52, line 21, after the figures "$236,200", to insert a comma and "of which not to exceed $25,000 shall be available for the construction and equipment of an experimental laboratory building, to be erected on land donated to the United States", so as to read:

Industrial utilization of farm products and byproducts: For the investigation, development, experimental demonstration, and application of methods for the industrial utilization of agricultural products, waste, and byproducts, and products made therefrom, except as otherwise provided for in this act, by the application of chemical, physical, and technological methods, including the changes produced by micro-organisms such as yeasts, bacteria, molds, and fungi; the utilization for color, medicinal, and technical purposes of substances grown or produced in the United States, $236,200, of which not to exceed $25,000 shall be available for the construction and equipment of an experimental laboratory building, to be erected on land donated to the United States.

The amendment was agreed to.

The next amendment was, on page 53, line 12, after the word "operations", to strike out "$40,000" and insert "$47,500", so as to read:

Agricultural fires and explosive dusts: For the investigation, development, experimental demonstration, and application of methods for the prevention and control of dust explosions and fires during the harvesting, handling, milling, processing, fumigating, and storing of agricultural products, and for other dust explosions and resulting fires not otherwise provided for, including fires in grain mills and elevators, cotton gins, cotton-oil mills, and other structures; the heating, charring, and ignition of agricultural products; fires on farms and in rural communities and other explosions and fires in connection with farm and agricultural operations, $47,500.

The amendment was agreed to.

The next amendment was, on page 54, line 1, after the word "surveys", to strike out "$298,708" and insert "$328,700", so as to read:

Soil survey: For the investigation of soils and their origin, for survey of the extent of classes and types, and for indicating upon maps and plats, by coloring or otherwise, the results of such investigations and surveys, $328,700.

The amendment was agreed to.

The next amendment was, on page 54, line 13, after the word "Soils", to strike out "$1,427,508" and insert "$1,495,000"; in line 14, after the word "exceed", to strike out "$986,881" and insert "$1,018,341", so as to read:

Total, Bureau of Chemistry and Soils, $1,495,000, of which amount not to exceed $1,018,341 may be expended for personal services in the District of Columbia, and not to exceed $1,900 shall be available for the purchase of motor-propelled and horse-drawn passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia.

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Entomology and Plant Quarantine—Salaries and ex-

penses", on page 56, line 4, after the word "beetle", to strike out "$369,000" and insert "$395,000", so as to read:

Japanese beetle control: For the control and prevention of spread of the Japanese beetle, $395,000.

The amendment was agreed to.

The next amendment was, on page 58, line 7, after the word "shrubs", to strike out "$228,700" and insert "$253,100", so as to read:

Forest insects: For insects affecting forests and forest products, under section 4 of the act approved May 22, 1928 (16 U. S. C. 581c), entitled "An act to insure adequate supplies of timber and other forest products for the people of the United States, to promote the full use for timber growing and other purposes of forest lands in the United States, including farm wood lots and those abandoned areas not suitable for agricultural production, and to secure the correlation and the most economical conduct of forest research in the Department of Agriculture, through research in reforestation, timber growing, protection, utilization, forest economics, and related subjects", and for insects affecting ornamental trees and shrubs, $253,100: *Provided*, That $40,000 of this amount shall only be available for expenditure when matched by State funds.

The amendment was agreed to.

The next amendment was, on page 58, line 12, after the word "moths", to strike out "$375,000" and insert "$400,000", so as to read:

Gypsy and brown-tail moth control: For the control and prevention of spread of the gypsy and brown-tail moths, $400,000.

The amendment was agreed to.

The next amendment was, on page 59, line 4, after the word "disease", to strike out "$303,489" and insert "$378,489", so as to read:

Dutch elm disease eradication: For determining and applying methods of eradication, control, and prevention of the spread of the disease of elm trees known as "Dutch elm disease", $378,489: *Provided*, That, in the discretion of the Secretary of Agriculture, no expenditures from this appropriation shall be made for these purposes until a sum or sums at least equal to such expenditures shall have been appropriated, subscribed, or contributed by State, county, or local authorities, or by individuals, or organizations concerned: *Provided further*, That no part of this appropriation shall be used to pay the cost or value of trees or other property injured or destroyed.

The amendment was agreed to.

The next amendment was, on page 59, line 16, after the word "crops", to strike out "$461,580, of which $80,000 shall be immediately available for construction and equipment of laboratory and service buildings and necessary facilities" and insert "$381,580", so as to read:

Truck crop and garden insects: For insects affecting truck crops, ornamental, and garden plants, including tobacco, sugar beets, and greenhouse and bulbous crops, $381,580.

The amendment was agreed to.

Mr. VANDENBERG. Mr. President, I am trying to follow these amendments as best I can, having only seen the bill 10 minutes ago. I ask the Senator from Georgia [Mr. RUSSELL] whether there is anything in this bill to continue the Matanuska fiasco?

Mr. RUSSELL. The Matanuska resettlement project——

Mr. VANDENBERG. That is the same thing.

Mr. RUSSELL. It is not provided for by direct appropriation. It comes from allocations of funds carried in the relief bill for the benefit of the Farm Security Administration.

Mr. VANDENBERG. That comes out of the other pot.

Mr. RUSSELL. The funds are derived from the relief bill other than the item under consideration.

Mr. VANDENBERG. That is from the other pot.

Mr. POPE. In the 1938 agricultural bill provision was made for the establishment of agricultural research laboratories. Is there any appropriation for that purpose in this bill?

Mr. RUSSELL. That item has not been reached. When it is reached I understand there will be some discussion of it. It is to be found on page 93 of the bill.

Mr. DAVIS. I ask unanimous consent to return to the item on page 45, lines 17 to 20, both inclusive, and ask for an explanation from the Senator from Georgia as to why the reduction of $20,000 was made in that item? In other words, will the Senator give me a reason why we should not have an additional $20,000 attached to that item?

Mr. RUSSELL. The committee amendment provides for an increase of $20,000 for research work and experimentation in white pine. The amendment was offered in the committee by the Senator from New York [Mr. COPELAND], who stated that in the Eastern States a number of diseases were attacking the white-pine trees, and that it was very essential that some research work be made if we were to avoid the loss of all these white-pine trees.

Mr. DAVIS. I should like to ask that an additional $20,000 he added to the $658,403 provided in the committee amendment.

Mr. RUSSELL. For what purpose does the Senator wish to provide the additional $20,000?

Mr. DAVIS. To carry on the investigation in the State of Pennsylvania. The amount provided is not sufficient to carry on the investigation in the State of Pennsylvania.

Mr. RUSSELL. There is no language in the bill which would confine the expenditure of this amount to any one State.

Mr. DAVIS. The amount provided is not sufficient to carry on the work in Pennsylvania, which is to be a part of the general investigation.

Mr. VANDENBERG. Does the Senator mean that you can buy anything as cheap as $20,000 in Pennsylvania?

Mr. DAVIS. Except elections.

Mr. RUSSELL. Is the Senator referring to the item on page 45 or the item on page 44?

Mr. DAVIS. The item on page 45, lines 17 to 20. The amount provided is $658,403. It ought to be $678,403. We are asking for $20,000 additional to carry on that work in Pennsylvania.

Mr. RUSSELL. Mr. President, I do not think that that appropriation is necessary to obtain the result the Senator from Pennsylvania has in mind. This item allows all the funds that were estimated by the Budget, and in addition $20,000 to carry on this research work in connection with the white pine. No definite plans have been made, as I understand, for the expenditure of this increased amount of $20,000 over and above the appropriation for last year. The Senator from New York [Mr. COPELAND] was advised that considerable research work was imperative and should be done with respect to the white pine, due to the fact that it was being attacked by some unusual diseases at this time. I do not think it is necessary to add $20,000, because $20,000 was all that was asked for research work in white pine in the entire Eastern States. That represents an increase above the Budget estimate and an increase above last year's appropriation of $20,000.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. COPELAND. As I understand, the Senator from Pennsylvania is offering an amendment proposing an additional appropriation of $20,000.

Mr. DAVIS. Yes.

Mr. COPELAND. For what purpose?

Mr. DAVIS. To carry on the work which the Senator from Georgia [Mr. RUSSELL] is describing.

Mr. COPELAND. Let me say, for the benefit of the Senator from Pennsylvania and the Senate, that testimony on the subject was given before the committee. The Chamber of Commerce of Glens Falls, N. Y., appealed to me. Glens Falls used to be the center of the white-pine industry. The State Forestry Association also appealed to me. They made clear, as did also the witness from the Department, that if $20,000 were added to the bill to carry on the work in connection with the white-pine study, that amount would be sufficient.

Mr. DAVIS. Sufficient funds are not provided in the bill, as I understand, to carry on the study in Pennsylvania, together with the study being carried on in New York; and we should like to have an additional $20,000 so that there will be sufficient funds to carry on that study.

Mr. COPELAND. Let me say to the Senator that the study of white pine covers problems in the Northeastern States—New England, New York, and Pennsylvania. I think I am correct in saying to the Senator that if the $20,000 is appropriated, exactly what he has in mind will be accomplished, because the sum is identical, the problem is identical, and the location is identical. So I am sure the problem will be solved.

Mr. DAVIS. I am satisfied with the statement made by the Senator from New York.

Mr. POPE. Mr. President, will the Senator yield for a question?

Mr. RUSSELL. I yield.

Mr. POPE. Is the appropriation with reference to the investigation of the diseases of white pine limited to any particular States?

Mr. RUSSELL. It is not. I tried to make that point clear. The item is for research work to endeavor to find some method of combating diseases attacking white pine anywhere in the United States. If the research is successful in determining any way of saving the white-pine trees, the results of the research will be just as available in Oregon, if white pine grows there, as they will be in New York, Pennsylvania, or any other State.

Mr. POPE. I am informed that the largest stand of virgin white pine in the world is in Idaho.

Mr. RUSSELL. I trust the research will enable the Senator from Idaho to save his white-pine forests.

The PRESIDENT pro tempore. The next amendment will be stated.

The next amendment was, on page 60, line 23, after the word "authorities", to strike out "$296,800" and insert "$446,800", so as to read:

Pink bollworm control: For the control and prevention of spread of the pink bollworm, including the establishment of such cotton-free areas as may be necessary to stamp out any infestation, and for necessary surveys and control operations in Mexico in cooperation with the Mexican Government or local Mexican authorities, $446,800.

The amendment was agreed to.

The next amendment was, on page 61, line 4, after the word "animals", to strike out "$172,600" and insert "$191,100", so as to read:

Insects affecting man and animals: For insects affecting man, household possessions, and animals, $191,100.

The amendment was agreed to.

The next amendment was, on page 61, line 12, after the word "control", to strike out "$149,790" and insert "$159,790", so as to read:

Insect-pest survey and identification: For the identification and classification of insects, including taxonomic, morphological, and related phases of insect-pest control and the maintenance of an insect-pest survey for the collection and dissemination of information to Federal, State, and other agencies concerned with insect-pest control, $159,790.

The amendment was agreed to.

The next amendment was, on page 62, line 3, after the word "fungicides", to strike out "$123,984" and insert "$148,984", so as to read:

Insecticide and fungicide investigations: For the investigation and development of methods of manufacturing insecticides and fungicides, and for investigating chemical problems relating to the composition, action, and application of insecticides and fungicides, $148,984.

The amendment was agreed to.

The next amendment was, on page 63, line 13, before the words "of which", to strike out "$5,407,967" and insert "$5,681,867"; and in line 14, before the word "may", to strike out "$856,710" and insert "$873,730", so as to read:

Total, Bureau of Entomology and Plant Quarantine, $5,681,867, of which amount not to exceed $873,730 may be expended for personal services in the District of Columbia, and not to exceed $46,880 shall be available for the purchase of motor-propelled and horse-drawn passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia.

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Biological Survey—Salaries and expenses," on page 64, line 18, after the word "structures", to strike out "$76,000" and insert "$91,000", so as to read:

Fur resources investigations: For investigations, experiments, demonstrations, and cooperation in connection with the production and utilization of animals the pelts of which are used commercially for fur, including the erection of necessary buildings and other structures, $91,000.

The amendment was agreed to.

The next amendment was, on page 65, line 18, after "(16 U. S. C. 667)", to strike out "$612,000" and insert "$650,000", so as to read:

Control of predatory animals and injurious rodents: For investigations, demonstrations, and cooperation in destroying animals injurious to agriculture, horticulture, forestry, animal husbandry, and wild game; and in protecting stock and other domestic animals through the suppression of rabies and other diseases in predatory wild animals; and for construction, repairs, additions, and installations in and about the grounds and buildings of the game-management supply depot and laboratory at Pocatello, Idaho, including purchase, transportation, and handling of supplies and materials for distribution from said depot to other projects, in accordance with the provisions of the act approved June 24, 1936 (16 U. S. C. 667), $650,000.

The amendment was agreed to.

The next amendment was, on page 66, line 16, after the word "exceed", to strike out "$5,000" and insert "$10,000", so as to read:

Protection of migratory birds: For all necessary expenses for enforcing the provisions of the Migratory Bird Treaty Act of July 3, 1918 (16 U. S. C. 703–711), as amended by the act of June 20, 1936 (16 U. S. C. 703–709a), to carry into effect the treaty with Great Britain for the protection of birds migrating between the United States and Canada (39 Stat. pt. 2, 1702), and the convention between the United States and the United Mexican States for the protection of migratory birds and game mammals; for cooperation with local authorities in the protection of migratory birds, and for necessary investigations connected therewith; for the enforcement of sections 241, 242, 243, and 244 of the act approved March 4, 1909 (18 U. S. C. 391–394), entitled "An act to codify, revise, and amend the penal laws of the United States," as amended by title II of the act approved June 15, 1935 (18 U. S. C. 392–394), and for the enforcement of section 1 of the act approved May 25, 1900 (16 U. S. C. 701), entitled "An act to enlarge the powers of the Department of Agriculture, prohibit the transportation by interstate commerce of game killed in violation of local laws, and for other purposes," including all necessary investigations in connection therewith, $315,000, of which not to exceed $10,000 may be expended in the discretion of the Secretary of Agriculture for the purpose of securing information concerning violations of the laws for the enforcement of which this appropriation is made available.

The amendment was agreed to.

The next amendment was, on page 68, line 13, after the word "expenses", to strike out "$2,010,340" and insert "$2,063,340", so as to read:

In all, salaries and expenses, $2,063,340.

The amendment was agreed to.

The next amendment was, on page 69, line 24, after the word "Survey" to strike out "$2,135,340" and insert "$3,188,340"; in line 25, after the word "exceed", to strike out "$588,700" and insert "$640,700"; and on page 70, line 2, after the word "exceed", to strike out "$51,785" and insert "$54,185", so as to read:

FEDERAL AID IN WILDLIFE RESTORATION

For carrying out the provisions of the act entitled "An act to provide that the United States shall aid the States in wildlife restoration projects, and for other purposes," approved September 2, 1937 (50 Stat. 917), $1,000,000: *Provided*, That expenditures hereunder shall not exceed the aggregate receipts covered into the Treasury under the provisions of said act.

Total, Bureau of Biological Survey, $3,188,340, of which amount not to exceed $640,700 may be expended for personal services in the District of Columbia, and not to exceed $54,185, shall be available for the purchase of motor-propelled passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia: *Provided*, That the appropriation of $6,000,000 contained in title VII of the act of June 15, 1935 (16 U. S. C. 715k–1), shall be available for the maintenance, repair, and operation of motor-propelled passenger-carrying vehicles.

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Agricultural Engineering—Salaries and expenses", on page 75, line 15, after the word "equipment", to insert "and rural electrification"; on page 76, line 3, before the word "for", to strike out "$5,000" and insert "$10,000"; and in the same line, after the word "buildings", to strike out "$401,200" and insert "$497,000", so as to read:

Agricultural engineering investigations: For investigations, experiments, and demonstrations involving the application of engineering principles to agriculture, independently or in cooperation with Federal, State, county, or other public agencies or with farm bureaus, organizations, or individuals; for investigating and reporting upon the utilization of water in farm irrigation and the best methods to apply in practice; the different kinds of farm power and appliances; the flow of farm water in ditches, pipes, and other conduits; the duty, apportionment, and measurement of farm irrigation water; the customs, regulations, and laws affecting farm irrigation; snow surveys and forecasts of farm irrigation water supplies, and the drainage of farms and of swamps and other wet lands which may be made available for agricultural purposes; for preparing plans for the removal of surplus farm water by drainage; for developing equipment for farm irrigation and drainage; for investigating and reporting upon farm domestic water supply and drainage disposal, upon the design and construction of farm buildings and their appurtenances and of buildings for processing and storing farm products; upon farm power and mechanical farm equipment and rural electrification; upon the engineering problems relating to the processing, transportation, and storage of perishable and other agricultural products; and upon the engineering problems involved in adapting physical characteristics of farm land to the use of modern farm machinery; for investigations of cotton ginning under the act approved April 19, 1930 (7 U. S. C. 424, 425); for giving expert advice and assistance in agricultural engineering; for collating, reporting, and illustrating the results of investigations and preparing, publishing, and distributing bulletins, plans, and reports; including the employment of persons and means in the District of Columbia and elsewhere, and not to exceed $10,000 for construction of buildings, $497,400.

The amendment was agreed to.

The next amendment was, on page 76, line 5, after the word "Engineering", to strike out "$438,800" and insert "$535,000", and in line 6, after the word "exceed", to strike out "$176,955" and insert "$185,955", so as to read:

Total, Bureau of Agricultural Engineering, $535,000, of which amount not to exceed $185,955 may be expended for personal services in the District of Columbia, and not to exceed $4,375 shall be available for the purchase of motor-propelled and horse-drawn passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia.

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Agricultural Economics—Salaries and expenses", on page 77, line 2, after the word "products", to strike out "$346,580" and insert "$356,580", so as to read:

Farm management and practice: To investigate and encourage the adoption of improved methods of farm management and farm practice, and for ascertaining the cost of production of the principal staple agricultural products, $356,580.

The amendment was agreed to.

The next amendment was, on page 80, line 11, after the word "contained", to strike out "$415,650" and insert "$469,700", so as to read:

Market inspection of farm products: For enabling the Secretary of Agriculture, independently and in cooperation with other branches of the Government, State agencies, purchasing and consuming organizations, boards of trade, chambers of commerce, or other associations of businessmen or trade organizations, and persons or corporations engaged in the production, transportation, marketing, and distribution of farm and food products, whether operating in one or more jurisdictions, to investigate and certify to shippers and other interested parties the class, quality, and condition of cotton, tobacco, fruits, and vegetables, whether raw, dried, or canned, poultry, butter, hay, and other perishable farm products when offered for interstate shipment or when received at such important central markets as the Secretary of Agriculture may from time to time designate, or at points which may be conveniently reached therefrom, under such rules and regulations as he may prescribe, including payment of such fees as will be reasonable and as nearly as may be to cover the cost for the service rendered: *Provided*, That certificates issued by the authorized agents of the Department shall be received in all courts of the United States as prima facie evidence of the truth of the statements therein contained, $469,700.

The amendment was agreed to.

The next amendment was, on page 80, line 18, after "(7 U. S. C. 511–511q)", to strike out "$265,000" and insert "$500,000", so as to read:

Tobacco Inspection Act: To enable the Secretary of Agriculture to carry into effect the provisions of an act entitled "An act to establish and promote the use of standards of classification for tobacco, to provide and maintain an official tobacco-inspection service, and for other purposes", approved August 23, 1935 (7 U. S. C. 511–511q), $500,000.

The amendment was agreed to.

The next amendment was, on page 81, line 5, after the word "products", to strike out "$1,107,302" and insert "$1,132,302", so as to read:

Market news service: For collecting, publishing, and distributing, by telegraph, mail, or otherwise, timely information on the market supply and demand, commercial movement, location, disposition, quality, condition, and market prices of livestock, meats, fish, and animal products, dairy and poultry products, fruits and vegetables, peanuts and their products, grain, hay, feeds, tobacco, cottonseed, and seeds, and other agricultural products, independently and in cooperation with other branches of the Government, State agencies, purchasing and consuming organizations, and persons engaged in the production, transportation, marketing, and distribution of farm and food products, $1,132,302.

The amendment was agreed to.

The next amendment was, on page 82, line 3, after "(7 U. S. C. 491–497)", to strike out "$25,238" and insert "$30,238", so as to read:

Standard Container, Hamper, and Produce Agency Acts: To enable the Secretary of Agriculture to carry into effect the act entitled "An act to fix standards for climax baskets for grapes and other fruits and vegetables, and to fix standards for baskets and other containers for small fruits, berries, and vegetables, and for other purposes," approved August 31, 1916 (15 U. S. C. 251–256), the act entitled "An act to fix standards for hampers, round stave baskets, and splint baskets for fruits and vegetables, and for other purposes," approved May 21, 1928 (15 U. S. C. 257–257i), and the act entitled "An act to prevent the destruction or dumping, without good and sufficient cause therefor, of farm produce received in interstate commerce by commission merchants and others and to require them truly and correctly to account for all farm produce received by them," approved March 3, 1927 (7 U. S. C. 491–497), $30,238.

The amendment was agreed to.

The next amendment was, on page 83, line 18, after the word "agreements", to strike out "$491,900" and insert "$741,900, of which $250,000 shall be used to provide for a determination of the true classification of cotton or samples for individual producers upon request, and without collecting fees therefor", so as to read:

United States Cotton Futures and United States Cotton Standards Acts: To enable the Secretary of Agriculture to carry into effect the provisions of the United States Cotton Futures Act, as amended March 4, 1919 (26 U. S. C. 1090–1106), and to carry into effect the provisions of the United States Cotton Standards Act, approved March 4, 1923 (7 U. S. C. 51–65), including such means as may be necessary for effectuating agreements heretofore or hereafter made with cotton associations, cotton exchanges, and other cotton organizations in foreign countries, for the adoption, use, and observance of universal standards of cotton classification, for the arbitration or settlement of disputes with respect thereto, and for the preparation, distribution, inspection, and protection of the practical forms or copies thereof under such agreements, $741,900, of which $250,000 shall be used to provide for a determination of the true classification of cotton or samples for individual producers upon request, and without collecting fees therefor.

The amendment was agreed to.

The next amendment was, on page 83, line 24, after the word "act", to strike out "$723,941" and insert "$733,941", so as to read:

United States Grain Standards Act: To enable the Secretary of Agriculture to carry into effect the provisions of the United States Grain Standards Act, $733,941.

The amendment was agreed to.

The next amendment was, on page 84, line 3, after the word "act", to strike out "$311,700" and insert "$336,700", so as to read:

United States Warehouse Act: To enable the Secretary of Agriculture to carry into effect the provisions of the United States Warehouse Act, $336,700.

The amendment was agreed to.

The next amendment was, on page 84, line 4, after the word "economics", to strike out "$6,334,633" and insert "$6,948,683"; in line 5, after the word "exceed", to strike out "$2,198,619" and insert "$2,215,859"; and in line 7, after the word "exceed", to strike out "$34,500" and insert "$39,500", so as to read:

Total, Bureau of Agricultural Economics, $6,948,683, of which amount not to exceed $2,215,859 may be expended for personal services in the District of Columbia, and not to exceed $39,500 shall be available for the purchase of motor-propelled and horse-drawn passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia.

The amendment was agreed to.

The next amendment was, on page 85, line 8, after "(7 U. S. C. 1–17a)", to strike out "$600,000" and insert "as amended, $635,000, of which amount not to exceed $35,000 may be used to carry into effect the provisions of the act of April 7, 1938, amending the Commodity Exchange Act and", and in line 12, after the word "exceed", to strike out "$226,940" and insert "$240,940", so as to read:

ENFORCEMENT OF THE COMMODITY EXCHANGE ACT

To enable the Secretary of Agriculture to carry into effect the provisions of the Commodity Exchange Act of June 15, 1936 (7 U. S. C. 1–17a), as amended, $635,000, of which amount not to exceed $35,000 may be used to carry into effect the provisions of the act of April 7, 1938, amending the Commodity Exchange Act and of which amount not to exceed $240,940 may be expended for personal services in the District of Columbia.

The amendment was agreed to.

The next amendment was, under the heading "Food and Drug Administration—Salaries and expenses," on page 86, line 22, after the word "therein", to strike out "$1,700,000" and insert "$1,850,000", so as to read:

Enforcement of the Food and Drugs Act: For enabling the Secretary of Agriculture to carry into effect the provisions of the act of June 30, 1906 (21 U. S. C. 1–15), entitled "An act for preventing the manufacture, sale, or transportation of adulterated, or misbranded, or poisonous, or deleterious foods, drugs, medicines, and liquors, and for regulating traffic therein, and for other purposes", as amended; to cooperate with associations and scientific societies in the revision of the United States pharmacopoeia and development of methods of analysis, and for investigating the character of the chemical and physical tests which are applied to American food products in foreign countries, and for inspecting the same before shipment when desired by the shippers or owners of these products intended for countries where chemical and physical tests are required before the said products are allowed to be sold therein, $1,850,000: *Provided*, That not more than $4,280 shall be used for travel outside the United States.

The amendment was agreed to.

The next amendment was, on page 89, line 1, after the word "Administration", to strike out "$2,177,758" and insert "$2,327,758", so as to read:

Total, Food and Drug Administration, $2,327,758, of which amount not to exceed $653,056 may be expended for personal services in the District of Columbia, and not to exceed $18,175 shall be available for the purchase of motor-propelled and horse-drawn passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia.

The amendment was agreed to.

The next amendment was, under the heading "Soil Conservation Service—Salaries and expenses", on page 92, line 4, before the word "shall", to strike out "$125,000" and insert "$80,000", so as to read:

Total, Soil Conservation Service, $23,525,000, of which not to exceed $1,734,636 may be expended for personal services in the District of Columbia, and not to exceed $80,000 shall be available for the purchase of motor-propelled and horse-drawn passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia.

The amendment was agreed to.

The next amendment was, on page 92, line 21, after the word "newspaper", to strike out "$330,000,000" and insert "$345,000,000"; on page 93, line 5, after the word "exceed", to strike out "$485,000,000" and insert "$500,000,000"; in line 12, after the numerals "1938", to strike out "and not more than $1,000,000 shall be available to carry out the provisions of sections 202 (a) to 202 (e), inclusive, of said Act" and insert "and not to exceed $100,000 shall be available under the provisions of section 202 (a) to 202 (e), inclusive, of said act to conduct a survey to determine the location of said laboratories and the scope of the investigations to be made and to coordinate the research work now being carried on."

Mr. RUSSELL. This is the item about which the Senator from Idaho [Mr. POPE] inquired. The committee held hearings on the question, and examined Dr. Jardine, of the Department of Agriculture, at some length. It will appear from reference to the bill as it passed the House, that instead of the $4,000,000 which was originally contemplated in the Farm Act for the establishment of the four regional laboratories, the House allowed only the sum of $1,000,000, which, under the basic law, the Secretary would have been compelled to divide into four equal sums.

While Dr. Jardine, in his testimony before the committee, showed a very great interest in securing the funds immediately, he did not convince the committee that he was ready to embark on such a comprehensive program. It must be remembered that the activity looking to the establishment of four regional laboratories did not originate with the Department of Agriculture. It originated with the Congress, was passed in the Farm Act, and dumped into the lap of the Department of Agriculture.

Very few definite plans have been made. The Department of Agriculture officials say they have plans or blueprints for the construction of the laboratories, but very few plans have been made as to the kind of work which should be done in the laboratories, or the coordination of the work with that being done under the Bankhead-Jones Act, and under the increases in appropriations which are carried in this bill to enable all the land-grant colleges to pursue research work on a broader scale than they have heretofore carried on such work.

I wish to make it clear that the committee was not antagonistic to the idea of the four research laboratories. However, in view of the great haste with which the program is being thrown together, and in view of the apparent lack of information in the Department as to the work now being done in this field with private funds by any number of research laboratories scattered throughout the entire United States, the committee felt that allowing the funds this year might result in great waste of money and in starting the program on an improper basis.

It should also be borne in mind that if we appropriate $4,000,000 for the purpose of these laboratories, we shall be taking $4,000,000 away from the farmers, because we shall not be making an appropriation from general funds in the Treasury; we shall merely be taking that much out of the appropriation which is made for the farmers under the soil-conservation program.

This is the first time in my legislative career that I have ever seen the Congress undertake to make a special group or class pay for its own laboratories. I assume that it was necessary to write into the Farm Act a provision to take the money away from the farmers in order to assure its passage. However, it is my judgment that if the laboratories are to be built, the Farm Act should be amended, and the $4,000,000 should be provided from an appropriation out of the Federal Treasury just as any other funds are appropriated. The $4,000,000 should not be taken out of the pockets of the struggling farmers of this country to make them build their own laboratories to carry on the proposed research work.

The committee felt that the plans were in a very nebulous state, and that to proceed now to spend the $4,000,000 would not only take it away from the farmers but might result in some grievous mistakes being made. The committee felt that it would be wiser to wait until next year and to provide for a survey.

The bill allows $100,000 for the Department to make a survey to determine the location of the laboratories, to determine the scope of work to be carried on, and to attempt to coordinate the research work which is now being done in all the land-grant colleges and in the hundreds of experiment stations scattered throughout the entire United States

which are all provided for in the bill which is now before the Senate. The committee believe that to postpone the construction of these laboratories until the next fiscal year will result in economy to the Government, in efficiency in the operation of the laboratories, and in benefits to the farmers.

Mr. POPE and Mr. BILBO addressed the Chair.

Mr. RUSSELL. I yield first to the Senator from Idaho and then to the Senator from Mississippi.

Mr. POPE. Mr. President, I am not yet quite clear what the Senator means, and what the committee meant, by the use of the following language on page 93, line 18, in connection with the proposed $100,000 appropriation:

And to coordinate the research work now being carried on.

Just what will be done in the way of coordinating the work? I can understand how a survey in order to find out just what sort of research work is being carried on by the various land-grant colleges and experiment stations might be of some value. But just what will be done to coordinate the work, and what effect will that coordination have on the new research laboratories provided for them in the Farm Act?

Mr. RUSSELL. What the committee had in mind was the fact that at the present time a number of laboratories are doing work which is identical with that which the Department is directed to do under the terms of the language in section 202 of the Farm Act, which provides for the establishment of the laboratories.

For example, on the campus of the State University of Illinois within the past 2 years there has been established a laboratory to carry on investigations of the soybean that is directly along the lines of the work that is provided in the Farm Act. It was the opinion of the committee that some thought should be given to coordination of this work and not to establish another million-dollar laboratory to do exactly the same type of work that is now being done by laboratories which are financed largely by Federal funds on the campuses of land-grant colleges. It was believed there should be a coordination of the work of the research stations all over the United States.

The Senator from Idaho, who is a distinguished and active member of the Committee on Agriculture and Forestry, knows that Congress has passed legislation providing for research work in various lines of agriculture. If we are going to embark upon this program for four huge regional laboratories, there should at least be some effort made to coordinate the work of all the laboratories and research stations that are now operating with Federal funds, in order to avoid duplication of effort and perhaps waste of funds and to provide where certain scientists shall work. The Department of Agriculture now has many scientists in the field. It might be necessary, in the event that these laboratories are established, to bring in scientists from different stations to one of the regional laboratories as the work they are now doing in the field might be better done at a regional laboratory on account of its having more adequate space and facilities than would be acorded at some small experiment station located somewhere in the United States.

Mr. BILBO. Mr. President——

Mr. RUSSELL. I yield to the Senator from Mississippi.

Mr. BILBO. May I ask the Senator in charge of the bill to allow this amendment to be passed over without action until tomorrow? I did not receive a copy of the bill or a copy of the report until just before the Senate convened today. I should be glad to make some observation in reference to the Senator's comment on the amendment before the Senate passes on it. I will ask if he would be willing to have the amendment passed over until tomorrow.

Mr. RUSSELL. Very well. That is agreeable.

The PRESIDENT pro tempore. Without objection the amendment will be passed over. The next amendment reported by the committee will be stated.

The next amendment was, on page 95, line 5, after the word "Administration", to insert a colon and the following additional proviso:

And provided further, That in administering the naval stores conservation programs authorized in section 8 of the Soil Conservation and Domestic Allotment Act and in making payments thereunder to gum naval stores producers the Secretary may utilize the services of regional associations of such producers or any agency of the Government in lieu of the State, county, and other local committees utilized in the other agricultural conservation programs if he finds that more efficient administration will result, and the provisions of section 388 (b) of the Agricultural Adjustment Act of 1938 shall otherwise be applicable to the administration of said naval stores conservation programs.

The amendment was agreed to.

The next amendment was, under the heading "Federal Crop Insurance Act", on page 95, line 19, before the words "of the" where they occur the first time, to strike out "$5,000,000" and insert "$6,000,000", so as to read:

Administrative and operating expenses: Not to exceed $6,000,000 of the unobligated balance of the appropriation made in the Department of Agriculture Appropriation Act, 1938, under the heading "Conservation and Use of Agricultural Land Resources, Department of Agriculture", is hereby made available for operating and administrative expenses under the Federal Crop Insurance Act (title V, Agricultural Adjustment Act of 1938), approved February 16, 1938, during the fiscal year ending June 30, 1939, to be allotted by the Secretary of Agriculture (a) to the Federal Crop Insurance Corporation, as authorized by section 516 (a) of such act, and (b) to bureaus and offices of the Department of Agriculture or for transfer to other agencies of State and Federal Governments, as authorized by section 507 (d) of such act; and such part as the Secretary allots under clause (b) hereof, shall be available for the employment of persons and means in the District of Columbia and elsewhere, rent in the District of Columbia, printing and binding, purchase of law books, books of reference, periodicals, and newspapers.

The amendment was agreed to.

The next amendment was, on page 97, after line 16, to insert:

RETIREMENT OF COTTON POOL PARTICIPATION TRUST CERTIFICATES

To enable the Secretary of Agriculture to carry into effect the provisions of title IV of the Agricultural Adjustment Act of 1938, approved February 16, 1938, fiscal year 1938, to remain available until June 30, 1939, $1,800,000: *Provided*, That the Secretary of Agriculture may, in his discretion, from time to time transfer to the General Accounting Office such sums as may be necessary to pay administrative expenses of the General Accounting Office in auditing payments under this title: *Provided further*, That the authority of the manager, cotton pool, to purchase and pay for participation trust certificates, Form C–5–I, shall extend to and include the 31st day of December 1938 but after the expiration of said limit, the purchase may be consummated of any such certificates tendered to the manager, cotton pool, on or before December 31, 1938, but where for any reason the purchase price shall not have been paid by the manager, cotton pool: *Provided further*, That the date May 1, 1938, appearing in title IV of the Agricultural Adjustment Act of 1938, as amended, shall not be applicable: *Provided further*, That in case any person who is entitled to payment on a participation trust certificate, Form C–5–I, dies, becomes incompetent, or disappears before receiving such payment or before application for such payment is executed, the Secretary of Agriculture shall provide by regulations, without regard to any other provisions of law, for such payment to such person as he may determine to be fairly and reasonably entitled thereto.

The amendment was agreed to.

The next amendment was, under the heading "Farm Tenant Act", on page 99, line 14, before the word "together", to strike out "$15,000,000" and insert "$25,000,000", so as to read:

FARM TENANCY

To enable the Secretary of Agriculture to carry out the provisions of title I of the Bankhead-Jones Farm Tenant Act, approved July 22, 1937 (7 U. S. C., 1000–1006), including the employment of persons and means in the District of Columbia and elsewhere, as authorized by said act, $25,000,000, together with the unexpended balance of the appropriation made under said act for the fiscal year 1938.

The amendment was agreed to.

The next amendment was, on page 100, line 8, before the words "and the", to strike out "$2,500,000" and insert "$15,000,000", so as to read:

LAND UTILIZATION AND RETIREMENT OF SUBMARGINAL LAND

To enable the Secretary of Agriculture to carry out the provisions of title III of the Bankhead-Jones Farm Tenant Act, approved July 22, 1937 (7 U. S. C. 1010–1013), including the employment of persons and means in the District of Columbia and elsewhere, as authorized by said act, $15,000,000, and the amount appropriated

for this purpose for the fiscal year 1938 (Third Deficiency Appropriation Act, fiscal year 1937), remaining unobligated on June 30, 1938, shall continue available to June 30, 1939.

The amendment was agreed to.

The next amendment was, on page 100, line 12, after the word "act", to strike out "$19,500,000" and insert "$42,000,000", so as to read:

Total, Farm Tenant Act, $42,000,000.

The amendment was agreed to.

The next amendment was, on page 100, line 20, after the word "including", to insert "not to exceed $25,000 for", so as to read:

WATER FACILITIES, ARID AND SEMIARID AREAS

To enable the Secretary of Agriculture to carry into effect the provisions of the act entitled "An act to promote conservation in the arid and semiarid areas of the United States by aiding in the development of facilities for water storage and utilization, and for other purposes," approved August 28, 1937 (16 U. S. C. 590r–590x), including not to exceed $25,000 for the employment of persons and means in the District of Columbia and elsewhere.

Mr. HAYDEN. Mr. President, I offered in the committee the amendment on page 100, inserting the words "not to exceed $25,000 for." I find that the amendment is in the wrong place. That committee amendment should be disagreed to, and on page 101, after the numerals "$500,000", in line 2, there should be inserted the words "of which not to exceed $25,000 may be expended in the District of Columbia."

The VICE PRESIDENT. Without objection, the amendment on page 100, line 20, inserting the words "not to exceed $25,000", is rejected.

Mr. POPE. Mr. President, I inquire if we are dealing now with the amendment at the top of page 101?

Mr. HAYDEN. What I am proposing to do is to disagree to the committee amendment in lines 20 and 21, on page 100, and to insert, after "$500,000", on page 101, the words "of which not to exceed $25,000 may be expended in the District of Columbia."

Mr. POPE. I have no objection to that.

Mr. NYE. Mr. President, will the amendment the Senator now offers to the committee amendment leave in the bill the language reading, "including the employment of persons and means in the District of Columbia and elsewhere"?

Mr. HAYDEN. Those words will all be left in the bill. My suggested amendment now would merely put a limitation of $25,000 on the entire appropriation, and this is the proper way to do it.

Mr. POPE. I thank the Senator.

The PRESIDENT pro tempore. Without objection, the amendment offered by the Senator from Arizona to come in on page 101, line 2, is agreed to.

The clerk will state the amendment on page 100, line 23.

The CHIEF CLERK. On page 100, line 23, it is proposed by the committee to strike out "purchase of law books and books of reference" and the semicolon.

The amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment reported by the committee.

The CHIEF CLERK. On page 101, following the amendment offered by Mr. HAYDEN, which has been agreed to, it is proposed to insert:

That not to exceed $50,000 of this appropriation shall be available for expenditure for any project designed in whole or in part to benefit lands by the irrigation thereof and all project facilities and appurtenances which depend for their utility in whole or in part upon each other or upon any common facility shall be deemed one project, and the authority contained in said act shall not include the construction of such projects.

Mr. HAYDEN. Mr. President, that amendment was also sponsored by me in the committee. It needs perfection. First in line 5, before the word "project", I move to insert the word "one", so as to read "any one project."

The PRESIDENT pro tempore. Without objection, the amendment to the amendment is agreed to.

Mr. HAYDEN. Then I move to strike out of the committee amendment beginning in line 9 the words "and the authority contained in said act shall not include the construction of such projects" and insert in lieu thereof "and the authority contained in said act shall not be deemed to authorize the construction of any project not in accord with this limitation."

The language in the final sentence of the committee amendment was not clear. I desire to make it plain by restating the proposition that the provision deals merely with the limitation.

Mr. POPE. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from Arizona yield to the Senator from Idaho?

Mr. HAYDEN. I yield.

Mr. POPE. As I understand, under the amendment the Senator has just offered, the limitation of $50,000 and such other limitations as are provided would apply, and that is all that the amendment as offered means?

Mr. HAYDEN. That is correct.

Mr. POPE. I have a note to raise a question about that because it occurs to me that the original language would probably completely defeat the purpose intended.

Mr. HAYDEN. I was fearful of that; so I submitted it to the legislative drafting service, and I think that the text, perfected as I now propose, will correct the defect.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Arizona to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDENT pro tempore. The next committee amendment will be stated.

The next amendment was, on page 101, line 14, after the word "expenses", to strike out "$75,000" and insert "$85,000", so as to read:

BELTSVILLE RESEARCH CENTER

For general administrative purposes, including maintenance, operation, repairs, and other expenses, $85,000; and, in addition thereto, this appropriation may be augmented, by transfer of funds or by reimbursement, from applicable appropriations, to cover the cost, including handling and other related charges, of services and supplies, equipment and materials furnished, stores of which may be maintained at the center, and the applicable appropriations may also be charged their proportionate share of the necessary general expenses of the center not covered by this appropriation.

The amendment was agreed to.

The next amendment was, at the top of page 102, to insert:

SOUTHWESTERN COOPERATIVE SHEEP RESEARCH PROJECT

For the establishment, under the direction of the Secretary of Agriculture, in cooperation with the Secretary of the Interior and the Agricultural Experiment Station of the University of Arizona College of Agriculture, of a complete sheep and sheep-range research project in the Southwest, for the study of technical and practical methods of range management, economics of sheep ranges and operations, wildlife, sheep pathology, sheep husbandry, land improvement and use on sustained-yield basis, and for other related experimental purposes, including the employment of operating personnel and means, the construction and maintenance of improvements, and purchase of passenger-carrying vehicles, $325,000: *Provided*, That not to exceed $295,000 may be used for the acquisition of necessary lands or rights in lands or waters (including the purchase of improvements, and other facilities thereon), and costs incident to the acquisition thereof, and procurement of necessary livestock and other equipment, such funds to remain available for such purposes until expended (5 U. S. C. 514; 7 U. S. C. 391; 16 U. S. C. 581, 581a, 581d, 581f, and 581i; 16 U. S. C., Supp. II, 590a–590g).

The amendment was agreed to.

The PRESIDENT pro tempore. That completes the committee amendments printed in the bill. Are there any further amendments to be offered on behalf of the committee?

Mr. RUSSELL. Mr. President, I have an amendment, which is in the nature of legislation, which I am authorized by the committee to offer from the floor.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 95, line 5, after the word "Administration", it is proposed to insert the following:

And provided further, That in carrying out the provisions of the Third Deficiency Appropriation Act, fiscal year 1937, and section 381 (a) of the Agricultural Adjustment Act of 1938, as amended, relating to cotton price adjustment payments with respect to the 1937 cotton crop, in order to accelerate such payments the Secretary shall, notwithstanding said provisions, (1) treat all cotton not sold prior to September 10, 1937, as if it had been sold on a date when the average price of seven-eighths-inch Middling cotton on the 10 designated spot cotton markets was less than 9 cents per pound; (2) make payment on the basis of applications on forms prescribed by the Secretary which have been filed prior to July 16, 1938, as prescribed in regulations issued by him, by the producers, or the 1937 operator, or other person designated pursuant to such regulations, on behalf of all the producers on the farm in 1937; (3) make payment to producers upon the producer's certification that he is engaged in producing cotton in 1938 and has complied with the requirements as defined in said section 381 (a), or is not engaged in producing cotton in 1938, and upon his agreeing therein to refund the payment forthwith upon demand in case it is subsequently found that he has failed to comply with the requirements as defined herein and in said section (a); and (4) make payments, as soon as practicable, on the basis of his estimate of the amounts which will be covered by the applications to be filed prior to July 16, 1938, and of the funds to be used out of the appropriation for the necessary administrative expenses of making the cotton price adjustment payments.

Mr. VANDENBERG. Mr. President, I inquire what is the purpose of that amendment?

Mr. RUSSELL. Mr. President, the language proposed by the amendment is identical word for word, as I understand, with the amendment which was adopted by the Senate last week to the Farm Act. It merely authorizes the Secretary of Agriculture to expend funds already appropriated for cotton benefit payments prior to the conclusion of this year's crop. Under the original language which was carried in the act appropriating this money last year—and I may say the amendment does not provide any new appropriation—payment could only be made by the Secretary of Agriculture to a cotton farmer upon proof of his compliance with the farm program of 1938. Since the passage of that act the farm bill has been enacted into law; it has been adopted by the cotton farmers in a referendum; so now compliance with the farm program is compulsory, and the farmer has no option in the matter. This proposed amendment, therefore, merely permits the Secretary of Agriculture, upon proof of compliance, to make payments to the farmers when he sees fit instead of waiting until the end of the year, as he would have been required to do under the original act.

The Senator from Texas [Mr. CONNALLY] suggested the amendment, and, perhaps, he understands it much better than I do. I may say he explained it on the floor of the Senate last week, and the Senate then adopted the amendment unanimously. It does not increase the appropriation, but merely authorizes the Secretary of Agriculture, as to subsidy payments for the 1937 crop which have already been authorized by law and appropriations for the payment of which have been made, to make them at an earlier date than he could under the existing legislation. That is the effect of the amendment which has been read by the clerk.

Mr. VANDENBERG. Is it the Senator's view that this amendment is subject to a point of order?

Mr. RUSSELL. Personally, it is my thought that it is not subject to a point of order, because, under rule XVI, whenever the Senate has passed a bill dealing with a certain subject, the Senate committee may put in the appropriation bill an item to carry out its provisions; but some member of the committee suggested that in order to avoid any controversy over a point of order, the amendment might be offered individually from the floor.

Mr. VANDENBERG. The Senator assures me that the amendment does not increase the total of the bill at all?

Mr. RUSSELL. I assure the Senator from Michigan that it does not increase by one dime the total of the bill, or any existing authorization.

Mr. LODGE. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Hitchcock	Nye
Andrews	Copeland	Holt	O'Mahoney
Ashurst	Davis	Johnson, Colo.	Overton
Austin	Dieterich	King	Pittman
Bailey	Donahey	La Follette	Pope
Bankhead	Duffy	Lee	Radcliffe
Barkley	Ellender	Lodge	Russell
Bilbo	Frazier	Logan	Schwellenbach
Bone	George	Lonergan	Sheppard
Borah	Gerry	Lundeen	Shipstead
Brown, Mich.	Gibson	McAdoo	Thomas, Okla.
Brown, N. H.	Gillette	McCarran	Thomas, Utah
Bulkley	Glass	McGill	Townsend
Bulow	Green	McKellar	Truman
Burke	Guffey	McNary	Tydings
Byrd	Hale	Maloney	Vandenberg
Byrnes	Harrison	Miller	Van Nuys
Capper	Hatch	Minton	Walsh
Caraway	Hayden	Murray	White
Chavez	Herring	Neely	
Clark	Hill	Norris	

The PRESIDENT pro tempore. Eighty-two Senators have answered to their names. A quorum is present. The question is on agreeing to the amendment offered by the Senator from Georgia.

The amendment was agreed to.

Mr. RUSSELL. Mr. President, I offer another amendment, which I send to the desk and ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 103, after line 21, it is proposed to insert:

INTERCHANGE OF APPROPRIATIONS

Not to exceed 5 percent of the foregoing amounts for the miscellaneous expenses of the work of any bureau, division, or office herein provided for shall be available interchangeably for expenditures on the objects included within the general expenses of such bureau, division, or office, but no more than 5 per cent shall be added to any one item of appropriation except in cases of extraordinary emergency, and then only upon the written order of the Secretary of Agriculture: *Provided*, That a statement of any transfers of appropriations made hereunder shall be included in the annual Budget.

The amendment was agreed to.

Mr. RUSSELL. Mr. President, I offer another amendment, which I send to the desk and ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 1, line 11, after the word "Secretary", it is proposed to insert:

Director of Finance and Budget Officer, at $8,500, so long as the position is held by the present incumbent.

The amendment was agreed to.

Mr. RUSSELL. Mr. President, unless some Member of the Senate has an amendment which he wishes to propose at this juncture, that concludes the matter for the day.

The PRESIDENT pro tempore. There is an amendment which has been passed over.

Mr. RUSSELL. I understood that the Senator from Mississippi [Mr. BILBO] asked that that amendment be passed over until tomorrow.

The PRESIDENT pro tempore. If that is the agreement, are there further amendments to be offered at this time?

Mr. FRAZIER. Mr. President, I desire to ask the Senator in charge of the bill a question. I have a telegram from Fargo, N. Dak., asking if there is any chance of getting the additional money for grasshopper control in this bill. The need is about $90,000.

Mr. RUSSELL. Mr. President, the Congress passed a bill authorizing the expenditure of $5,000,000 for emergency work with various insect pests. That bill has not yet been signed by the President. It was passed a few days ago and is awaiting his signature at this time. I understand that the Budget Bureau has already prepared a supplemental estimate to be submitted in the form of a joint resolution to the Congress immediately upon the signing of the bill to which I refer. The appropriation will be made available perhaps within the next 2 or 3 weeks.

Mr. NYE. Mr. President, then the Senator from Georgia is saying that there will be no need of waiting for the deficiency bill to accomplish this appropriation?

Mr. RUSSELL. I was advised by the budget officer of the Department of Agriculture and the Bureau of the Budget that this item would not have to await a deficiency bill, but would be sent over as a special joint resolution, just as it has always been handled in the past. This appropriation has always been handled in a separate joint resolution. There have been two or three of them, and each time they have come over as separate joint resolutions. They have not awaited the passage of deficiency bills, and I am sure this appropriation will take the same course.

THE MERCHANT MARINE

Mr. COPELAND. Mr. President, I ask that the pending bill be temporarily laid aside, and that the Senate proceed to the consideration of Senate bill 3078, the merchant marine bill.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from New York?

There being no objection, the Senate proceeded to consider the bill (S. 3078) to amend the Merchant Marine Act, 1936, and for other purposes, which had been reported from the Committee on Commerce, with amendments.

Mr. COPELAND. I ask unanimous consent that the formal reading of the bill be dispensed with and that it be read for amendment, the amendments of the committee to be first considered.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will proceed to state the amendments reported by the committee.

The first amendment of the Committee on Commerce was, on page 2, after line 12, to insert a new section to be numbered section 2, so as to read:

Be it enacted, etc., That section 207 of the Merchant Marine Act, 1936, is hereby amended to read as follows:

"SEC. 207. The Commission may enter into such contracts, upon behalf of the United States, and may make such disbursements as may, in its discretion, be necessary to carry on the activities authorized by this act, or to protect, preserve, or improve the collateral held by the Commission to secure indebtedness, in the same manner that a private corporation may contract within the scope of the authority conferred by its charter. All the Commission's financial transactions shall be audited in the General Accounting Office according to approved commercial practice as provided in the act of March 20, 1922 (42 Stat. 444): *Provided*, That it shall be recognized that, because of the business activities authorized by this act, the accounting officers shall allow credit for all expenditures shown to be necessary because of the nature of such authorized activities, notwithstanding any existing statutory provision to the contrary. The Comptroller General shall report annually or oftener to Congress any departure by the Commission from the provisions of this act."

SEC. 2. Section 202 of the Merchant Marine Act, 1936, is amended by adding a new sentence at the end thereof to read as follows:

"The Commission may, upon such terms and conditions as it may prescribe in accordance with sound business practice, make such extensions and accept such renewals of the notes and other evidences of indebtedness hereby transferred, and of the mortgages and other contracts securing the same, as it may deem necessary to carry out the objects of this act."

The amendment was agreed to.

The next amendment was, in section 3, page 3, after line 15, to strike out:

SEC. 3. Title II of the Merchant Marine Act, 1936, is amended by adding a new section at the end thereof to read as follows:

"SEC. 215. The provisions of this act, insofar as they are practically or appropriately applicable, are extended to the construction and operation of aircraft used in transportation for hire of passengers and property in overseas trade between the United States, its Territories, possessions, or the Canal Zone and foreign countries; and between the United States and its Territories, possessions, or the Canal Zone; and between such Territories or possessions and between the Canal Zone and such Territories or possessions."

And to insert:

SEC. 4. Title II of the Merchant Marine Act, 1936, is amended by adding a new section at the end thereof to read as follows:

"SEC. 218. The Commission is authorized to acquire by purchase or otherwise such vessels as it may deem necessary to establish, maintain, improve, or effect replacements upon any service, route, or line in the foreign commerce of the United States determined to be essential under section 211 of this act, and to pay for the same out of its construction fund: *Provided*, That the price paid therefor shall not exceed the construction cost of the vessel less depreciation based upon a 20-year life expectancy of the vessel, by more than 5 percent of such cost less depreciation. No such vessel shall be acquired by the Commission unless the Secretary of the Navy has certified to the Commission that such vessel is suitable for economical and speedy conversion into a naval or military auxiliary, or otherwise suitable for the use of the United States in time of war or national emergency. Every vessel acquired under authority of this section that is not documented under the laws of the United States at the time of its acquisition shall be so documented as soon as practicable."

So as to read:

SEC. 3. Section 214 (a) of the Merchant Marine Act, 1936, is hereby amended to read as follows:

"SEC. 214. (a) For the purpose of any investigation which, in the opinion of the Commission, is necessary and proper in carrying out the provisions of this act, any member of the Commission, or any officer or employee thereof designated by it, is empowered to subpena witnesses, administer oaths and affirmations, take evidence, and require the production of any books, papers, or other documents which are relevant or material to the matter under investigation. Such attendance of witnesses and the production of such books, papers, or other documents may be required from any place in the United States or any Territory, district, or possession thereof at any designated place of hearing. Witnesses summoned before the Commission shall be paid the same fees and mileage that are paid witnesses in the courts of the United States."

SEC. 4. Title II of the Merchant Marine Act, 1936, is amended by adding a new section at the end thereof to read as follows:

"SEC. 218. The Commission is authorized to acquire by purchase or otherwise such vessels as it may deem necessary to establish, maintain, improve, or effect replacements upon any service, route, or line in the foreign commerce of the United States determined to be essential under section 211 of this act, and to pay for the same out of its construction fund: *Provided*, That the price paid therefor shall not exceed the construction cost of the vessel less depreciation based upon a 20-year life expectancy of the vessel by more than 5 percent of such cost less depreciation. No such vessel shall be acquired by the Commission unless the Secretary of the Navy has certified to the Commission that such vessel is suitable for economical and speedy conversion into a naval or military auxiliary, or otherwise suitable for the use of the United States in time of war or national emergency. Every vessel acquired under authority of this section that is not documented under the laws of the United States at the time of its acquisition shall be so documented as soon as practicable."

The amendment was agreed to.

Mr. VANDENBERG. Mr. President, I desire to ask the Senator from New York, for my information, whether the bill as reported does or does not contain the provision which permits construction abroad under certain circumstances?

Mr. COPELAND. That amendment is on page 9.

The PRESIDENT pro tempore. The next amendment of the committee will be stated.

The next amendment was, in section 10, page 9, line 2, after the word "which", to strike out "is available to" and insert "might be reasonably availed of by", so as to read:

SEC. 5. Section 301 (a) of the Merchant Marine Act, 1936, is hereby amended to read as follows:

"SEC. 301. (a) The Commission is authorized and directed to investigate the employment and wage conditions of ocean-going shipping and, after making such investigation and after appropriate hearings, to incorporate in the contracts authorized under titles VI and VII of this act minimum-manning scales and minimum-wage scales and reasonable working conditions for all officers and crews employed on all types of vessels receiving an operating-differential subsidy. After such minimum manning and wage scales and working conditions shall have been adopted by the Commission, no change shall be made therein by the Commission except upon public notice of the hearing to be had, and a hearing by the Commission of all interested parties, under such rules as the Commission shall prescribe. Every contractor receiving an operating-differential subsidy shall post and keep posted in a conspicuous place on each such vessel operated by such contractor a printed copy of the minimum manning and wage scales and working conditions prescribed by his contract and applicable to such vessel: *Provided, however*, That any increase in the operating expenses of the subsidized vessel occasioned by any change in the wage, manning scales, and working conditions as provided in this section shall be added to the operating-differential subsidy previously authorized for the vessel."

SEC. 6. Section 301 (b) of the Merchant Marine Act, 1936, is hereby amended to read as follows:

"(b) Every contract executed under authority of titles VI and VII of this act shall require—

"(1) Insofar as is practicable, officers' living quarters shall be kept separate and apart from those furnished for members of the crew;

"(2) Licensed officers and unlicensed members of the crew shall be entitled to make complaints or recommendations to the Commission, provided they file such complaint or recommendation with their immediate superior, who shall be required to forward such complaint or recommendation with his remarks to the Commission;

"(3) Licensed officers who are members of the United States Naval Reserve shall wear on their uniforms such special distinguishing insignia as may be approved by the Secretary of the Navy; officers being those men serving under licenses issued by the Bureau of Marine Inspection and Navigation;

"(4) The uniform stripes, decoration, or other insignia shall be of gold braid or woven gold or silver material, to be worn by officers, and no member of the ship's crew other than licensed officers shall be allowed to wear any uniform with such officers' identifying insignia;

"(5) No discrimination shall be practiced against licensed officers, who are otherwise qualified, because of their failure to qualify as members of the United States Naval Reserve."

SEC. 7. Section 402 (b) and (c) of the Merchant Marine Act, 1936, is hereby amended by striking out the quotation marks.

SEC. 8. Section 501 (c) of the Merchant Marine Act, 1936, is hereby amended by striking out the words "section 201 (c)" where they appear in such subsection and inserting in lieu thereof the words "section 204 (b)."

SEC. 9. Section 502 (a) of the Merchant Marine Act, 1936, is hereby amended to read as follows:

"(a) If the Secretary of the Navy certifies his approval under section 501 (b) of this act, and the Commission approves the application, it may secure, on behalf of the applicant, bids from foreign and domestic shipbuilders for the construction of the proposed vessel according to the approved plans and specifications. If the bid of the domestic shipbuilder who is the lowest responsible domestic bidder is determined by the Commission to be fair and reasonable, the Commission may approve such bid, and, if such approved bid is accepted by the applicant, the Commission is authorized to enter into a contract with the successful domestic bidder for the construction, outfitting, and equipment of the proposed vessel, and for the payment by the Commission to the shipbuilder, on terms to be agreed upon in the contract, of the contract price of the vessel, out of the construction fund hereinbefore referred to or out of other available funds. Concurrently with entering into such contract with the domestic shipbuilder, the Commission is authorized to enter into a contract with the applicant for the purchase by him of such vessel upon its completion, at a price corresponding to the estimated cost, as determined by the Commission pursuant to the provisions of this act, of building such vessel in a foreign shipyard."

SEC. 10. Section 502 (b) of the Merchant Marine Act, 1936, is hereby amended to read as follows:

"(b) The amount of the reduction in selling price which is herein termed the 'construction-differential subsidy' may equal, but not exceed, the excess of the bid of the domestic shipbuilder constructing the proposed vessel (excluding the cost of any features incorporated in the vessel for national-defense uses, which shall be paid by the Commission in addition to the subsidy), over the fair and reasonable estimate of cost, as determined by the Commission, of the construction of the proposed vessel if it were constructed under similar plans and specifications (excluding national-defense features as above provided) in a principal foreign shipbuilding center which might be reasonably availed of by the principal foreign competitors in the service in which the vessel is to be operated and which is deemed by the Commission to furnish a fair and representative example for the determination of the estimated cost of construction in foreign countries of vessels of the type proposed to be constructed. The construction differential approved by the Commission shall not exceed 33⅓ percent of the construction cost of the vessel paid by the Commission (excluding the cost of national-defense features as above provided), except that in cases where the Commission possesses convincing evidence that the actual differential is greater than that percentage, the Commission may approve an allowance not to exceed 50 percent of such cost, upon the affirmative vote of four members, except as otherwise provided in subsection 201 (a). In any case where the Commission finds that the construction differential exceeds 33⅓ percent but does not exceed 50 percent of such cost, and that the lowest bid of a responsible domestic shipbuilder is unreasonable, excessive, or collusive, the Commission may authorize the applicant to have the vessel built in a foreign shipyard, without financial aid from the United States, if the applicant agrees to document such vessel under the laws of the United States as soon as practicable after its completion. Where the Commission finds that the construction differential exceeds 50 percent of such cost, the applicant may have such vessel built in a foreign shipyard without the consent of the Commission. The Commission shall reimburse the applicant for the cost of the national-defense features incorporated in such vessels constructed in foreign shipyards under this section. Notwithstanding any other provision of law, such vessels shall be eligible for an operating-differential subsidy upon being documented under the laws of the United States, under the same terms and conditions as if such vessels had been constructed in a domestic shipyard under the provisions of this act."

Mr. VANDENBERG. Mr. President, does that relate to the question I just submitted to the Senator from New York?

Mr. COPELAND. No; it does not. The amendment merely involves a change in language. The provision which the Senator from Michigan has in mind is found on page 9, beginning at line 18.

Mr. VANDENBERG. The subject in which I am interested does not arise in connection with any committee amendment? It is in the text of the bill?

Mr. COPELAND. The Senator is correct in that regard.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee on page 9, line 2.

The amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment of the committee.

The next amendment was, on page 11, after line 16, to insert a new section, as follows:

SEC. 13. Title V of such act is amended by adding a new subsection to section 502 thereof, to read as follows:

"(g) Upon the agreement of an applicant under this title to purchase any vessel acquired by the Commission under the provisions of section 218, the Commission is authorized to sell such vessel to the applicant for the fair and reasonable value thereof, but at not less than the cost thereof to the Commission, excluding the cost of national-defense features added by the Commission, less the equivalent of any applicable construction-differential subsidy as provided by subsection (b), such sale to be in accordance with all the provisions of this title. Such vessel shall thereupon be eligible for an operating-differential subsidy under title VI of this act, notwithstanding the provisions of section 601 (a) (1), and section 610 (1), or any other provision of law."

So as to read:

SEC. 11. Section 502 (c) of the Merchant Marine Act, 1936, is hereby amended to read as follows:

"(c) In such contract between the applicant and the Commission, the applicant shall be required to make cash payments to the Commission of not less than 25 percent of the price at which the vessel is sold to the applicant. The cash payments shall be made at the time and in the same proportion as provided for the payments on account of the construction cost in the contract between the shipbuilder and the Commission. The applicant shall pay, not less frequently than annually, interest at the rate of 3½ percent per annum on those portions of the Commission's payments as made to the shipbuilder which are chargeable to the applicant's purchase price of the vessel (after deduction of the applicant's cash payments). The balance of such purchase price shall be paid by the applicant, within 20 years after delivery of the vessel and in not to exceed 20 equal annual installments, the first of which shall be payable 1 year after the delivery of the vessel by the Commission to the applicant. Interest at the rate of 3½ percent per annum shall be paid on all such installments of the purchase price remaining unpaid."

SEC. 12. Section 502 (d) of the Merchant Marine Act, 1936, is hereby amended by adding at the end thereof a new sentence to read as follows: "Nothing in this section shall be construed as authorizing the Commission to approve a construction-differential in excess of 50 percent of the construction cost of the vessel paid by the Commission."

SEC. 13. Title V of such act is amended by adding a new subsection to section 502 thereof, to read as follows:

"(g) Upon the agreement of an applicant under this title to purchase any vessel acquired by the Commission under the provisions of section 218, the Commission is authorized to sell such vessel to the applicant for the fair and reasonable value thereof, but at not less than the cost thereof to the Commission, excluding the cost of national-defense features added by the Commission, less the equivalent of any applicable construction-differential subsidy as provided by subsection (b), such sale to be in accordance with all the provisions of this title. Such vessel shall thereupon be eligible for an operating-differential subsidy under title VI of this act, notwithstanding the provisions of section 601 (a) (1), and section 610 (1), or any other provision of law."

The amendment was agreed to.

The next amendment was, in section 19, page 17, line 14, after the word "allowed", to strike out the period and insert a comma and the words "except as otherwise provided in this title", so as to read:

SEC. 14. Section 503 of the Merchant Marine Act, 1936, is hereby amended to read as follows:

"SEC. 503. Upon completion of the construction of any vessel in respect to which a construction-differential subsidy is to be allowed under this title and its delivery by the shipbuilder to the Commission, the vessel shall be documented under the laws of the United States, and concurrently therewith, or as soon thereafter as practicable, the vessel shall be delivered with a bill of sale to the applicant with warranty against liens, pursuant to the contract of purchase between the applicant and the Commission. The vessel shall remain documented under the laws

of the United States for not less than 20 years, or so long as there remains due the United States any principal or interest on account of the purchase price, whichever is the longer period. At the time of delivery of the vessel the applicant shall execute and deliver a first preferred mortgage to the United States to secure payment of any sums due from the applicant in respect to said vessel. The purchaser shall also comply with all the provisions of section 9 of the Merchant Marine Act, 1920."

SEC. 15. Section 504 of the Merchant Marine Act, 1936, is hereby amended to read as follows:

"SEC. 504. Where an eligible applicant under the terms of this title desires to finance the construction of a proposed vessel according to approved plans and specifications rather than purchase the same vessel from the Commission as hereinabove authorized, the Commission may permit the applicant to obtain and submit to it competitive bids from domestic shipyards for such work. If the Commission considers the bid of the shipyard in which the applicant desires to have the vessel built fair and reasonable, it may approve such bid and become a party to the contract or contracts or other arrangements for the construction of such proposed vessel and may agree to pay a construction-differential subsidy in an amount determined by the Commission in accordance with section 502 of this title and for the cost of national-defense features. The construction-differential subsidy and payments for national-defense features shall be based on the lowest responsible domestic bid. No construction-differential subsidy, as provided in this section, shall be paid unless the said contract or contracts or other arrangements contain such provisions as are provided in this title to protect the interests of the United States as the Commission deems necessary. Such vessel shall be documented under the laws of the United States as provided in section 503 of this title and operated as approved by the Commission under the requirements applicable to vessels constructed under this act."

SEC. 16. The last proviso in section 505 (b) of the Merchant Marine Act, 1936, is hereby amended to read as follows: "*Provided*, That this section shall not apply to contracts or subcontracts for scientific equipment used for communication and navigation as may be so designated by the Commission, nor to contracts or other arrangements entered into under this title by the terms of which the United States undertakes to pay only for national-defense features, and the Commission shall report annually to Congress the names of such contractors and subcontractors affected by this provision, together with the applicable contracts and the amounts thereof."

SEC. 17. The Merchant Marine Act, 1936, is hereby amended by striking out section 506 and inserting in lieu thereof the following:

"SEC. 506. Every owner of a vessel for which a construction-differential subsidy has been paid shall agree that the vessel shall be operated exclusively in foreign trade, or on a round-the-world voyage, or on a round voyage from the west coast of the United States to a European port or ports which includes intercoastal ports of the United States, or a round voyage from the Atlantic coast of the United States to the Orient which includes intercoastal ports of the United States, or on a voyage in foreign trade on which the vessel may stop at an island possession or island Territory of the United States, and that, if the vessel is operated in the domestic trade on any of the above-enumerated services, he will pay annually to the Commission that proportion of one-twentieth of the construction-differential subsidy paid for such vessel as the gross revenue derived from the domestic trade bears to the gross revenue derived from the entire voyages completed during the preceding year. The Commission may consent in writing to the temporary transfer of such vessel to service other than the service covered by such agreement, for periods not exceeding 6 months in any year, whenever the Commission may determine that such transfer is necessary or appropriate to carry out the purposes of this act. Such consent shall be conditioned upon the agreement by the owner to pay to the Commission, upon such terms and conditions as it may prescribe, an amount which bears the same proportion to the construction-differential subsidy paid by the Commission as such temporary period bears to the entire economic life of the vessel. No operating-differential subsidy shall be paid for the operation of such vessel for such temporary period."

SEC. 18. Section 507 of the Merchant Marine Act, 1936, is hereby amended to read as follows:

"SEC. 507. If a contract is made by the Commission under authority of this title for the construction and sale of a new vessel to replace a vessel then operated in foreign trade, which in the judgment of the Commission should be replaced because it is obsolete or inadequate for successful operation in such trade, the Commission is authorized, in its discretion, to buy such replaced vessel from the owner at a fair and reasonable valuation, which valuation shall not exceed the cost to the owner or any former owner plus the actual cost previously expended thereon for reconditioning, and less a reasonable and proper depreciation, based upon not more than a 20-year life of the vessel, and apply the purchase price agreed upon to that portion of the construction cost of such new vessel which is to be borne by the purchaser thereof: *Provided*, That the owner of such replaced vessel shall execute a bond, with one or more approved sureties, conditioned upon indemnifying the United States from all loss resulting from any existing lien against such vessel: *And provided further*, That such vessel has been documented under the laws of the United States for a period of at least 10 years prior to the date of its purchase by the United States."

SEC. 19. The first sentence and the second sentence down to the first semicolon of section 509 of the Merchant Marine Act, 1936, is hereby amended to read as follows:

"SEC. 509. Any citizen of the United States may make application to the Commission for aid in the construction of a new vessel to be operated in the foreign or domestic trade (excepting vessels engaged solely in the transportation of property on inland rivers and canals exclusively). If such application is approved by the Commission, the vessel may be constructed under the terms and conditions of this title, but no construction-differential subsidy shall be allowed, except as otherwise provided in this title. The Commission shall pay for the cost of national-defense features incorporated in such vessel. The applicant shall be required to pay the Commission not less than 25 percent of the cost of such vessel (excluding cost of national-defense features);".

The amendment was agreed to.

The next amendment was, in section 30, page 22, line 15, after the word "adding", to strike out "a new section" and insert "new sections"; and on page 24, line 12, after the word "exist", to strike out the quotation mark, so as to read:

SEC. 20. Section 604 of the Merchant Marine Act, 1936, is hereby amended to read as follows:

"SEC. 604. If in the case of any particular foreign-trade route the Commission finds, after consultation with the Secretary of State, that the subsidy provided for in this title is in any respect inadequate to offset the effect of governmental aid paid to foreign competitors, it may grant such additional subsidy as it determines to be necessary for that purpose: *Provided*, That no such additional subsidy shall be granted except upon an affirmative vote of four of the members of the Commission."

SEC. 21. Section 606 (5) of the Merchant Marine Act, 1936, is hereby amended to read as follows:

"(5) that when at the end of any 10-year period during which an operating-differential subsidy has been paid, or when prior to the end of any such 10-year period the contract shall be terminated, if the net profit of the contractor on his subsidized vessels and services incident thereto during such period or time (without regard to capital gains and capital losses), after deduction of depreciation charges based upon a 20-year life expectancy of the subsidized vessels has averaged more than 10 percent per annum upon the contractor's capital investment necessarily employed in the operation of the subsidized vessels, services, routes, and lines, the contractor shall pay to the United States an amount equal to one-half of such profits in excess of 10 percent per annum as partial or complete reimbursement for operating-differential-subsidy payments received by the contractor for such 10-year period, but the amount of excessive profit so recaptured shall not in any case exceed the amount of the operating-differential-subsidy payments theretofore made to the contractor for such period under such contract and the repayment of such reimbursement to the Commission shall be subject to the provisions of section 607;".

SEC. 22. The last sentence of the first paragraph of section 607 (b) of the Merchant Marine Act, 1936, is hereby amended to read as follows: "The proceeds of all insurance and indemnities received by the contractor on account of total loss of any subsidized vessel and the proceeds of any sale or other disposition of such vessel shall also be deposited in the capital reserve fund."

SEC. 23. Section 607 (b) of the Merchant Marine Act, 1936, is hereby amended by adding at the end thereof a new sentence to read as follows: "The contractor may, with the consent of the Commission, pay from said fund any sums owing but not yet due on notes secured by mortgages on subsidized vessels."

SEC. 24. The second paragraph of section 607 (c) of the Merchant Marine Act, 1936, is amended to read as follows:

"If the profits, without regard to capital gains and capital losses, earned by the business of the subsidized vessels and services incident thereto exceed 10 percent per annum and exceed the percentage of profits deposited in the capital reserve fund, as provided in subsection (b) of this section, the contractor shall deposit annually such excess profits in this reserve fund. From the special reserve fund the contractor may make the following disbursements and no others:".

SEC. 25. Section 607 (c) (2) of the Merchant Marine Act, 1936, is hereby amended to read as follows:

"(2) Reimbursement to the contractor's general funds for current operating losses on completed voyages of subsidized vessels whenever the Commission shall determine it is improbable that such current losses will be made up by profits on other voyages during the current year;".

SEC. 26. The Merchant Marine Act, 1936, is hereby amended by inserting two new subsections after subsection (e) of section 607 to read as follows:

"(f) Unless otherwise provided in the operating-differential-subsidy contract, upon the termination of any such contract, the reserve funds required under this act shall be the property of the contractor, except for such amounts as may be due the United States.

"(g) With the approval of the Commission, the contractor may voluntarily increase the amount of either or both reserve funds by depositing in such fund or funds any or all of the earnings otherwise available for distribution to stockholders, or may trans-

fer funds from the special reserve funds to the capital reserve fund."

SEC. 27. Subsection (f) of section 607 of the Merchant Marine Act, 1936, is amended to read as follows:

"(h) The earnings of any contractor receiving an operating-differential subsidy under authority of this act, which are deposited in the contractor's reserve funds as provided in this section, except earnings withdrawn from the special reserve funds and paid into the contractor's general funds or distributed as dividends or bonuses as provided in paragraph 4 of subsection (c) of this section, shall be exempt from all Federal taxes. Earnings withdrawn from such special reserve fund shall be taxable as if earned during the year of withdrawal from such fund."

SEC. 28. Section 609 of the Merchant Marine Act, 1936, is hereby amended by striking out the letter "(a)" and by repealing subsection (b) thereof.

SEC. 29. Section 610 of the Merchant Marine Act, 1936, is hereby amended to read as follows:

"SEC. 610. An operating-differential subsidy shall not be paid under authority of this title on account of the operation of any vessel which does not meet the following requirements: (1) The vessel shall be of steel or other acceptable metal, shall be propelled by steam or motor, shall be as nearly fireproof as practicable, shall be built in a domestic yard (except as provided in section 502 (b)), or shall have been documented under the laws of the United States not later than February 1, 1928, or actually ordered and under construction for the account of citizens of the United States prior to such date, and shall be documented under the laws of the United States during the entire life of the subsidy contract; and (2) if the vessel shall be constructed after the passage of this act it shall be either a vessel constructed according to plans and specifications approved by the Commission and the Secretary of the Navy, with particular reference to economical conversion into an auxiliary naval vessel, or a vessel approved by the Commission and the Navy Department as otherwise useful to the United States in time of national emergency."

SEC. 30. The Merchant Marine Act, 1936, is hereby amended by adding new sections at the end of the title VI thereof to read as follows:

"SEC. 611. (a) The contractor, upon compliance with the provisions of this section, may transfer to foreign registry the vessels covered by an operating-differential-subsidy contract held by him in the event that the United States defaults upon such contract or cancels it without just cause. Any contractor desiring to transfer any such vessel to foreign registry upon such default or cancelation shall file an application in writing with the Commission setting forth its contentions with respect to the lack of just cause or lawful grounds for such default or cancelation. The Commission shall afford the contractor an opportunity for a hearing within 20 days after such contractor files written application therefor, and, after the testimony, if any, in such hearing has been reduced to writing and filed with the Commission, it shall within a reasonable time, grant or deny the application by order.

"(b) If any such application is denied, the contractor may obtain a review of the order of denial in the United States Court of Appeals for the District of Columbia, by filing in such court, within 20 days after the entry of such order, a written petition praying that the order of the Commission be set aside. A copy of such petition shall be forthwith served upon any member of the Commission, or upon any officer thereof designated by the Commission for that purpose, and thereupon the Commission shall certify and file in the court a transcript of the record upon which the order complained of was entered. Upon the filing of such transcript such court shall have exclusive jurisdiction to determine whether such cancelation or default was without just cause, and to affirm or set aside such order. The judgment and decree of the court affirming or setting aside any such order of the Commission shall be final.

"(c) No transfer of vessels to foreign registry under this section shall become effective until any indebtedness to the Government or to any citizen of the United States, secured by such vessels, has been paid or discharged, and until after the expiration of 90 days from the date of final determination of the application or the appeal, if any. Within such 90-day period the Commission may (1) with the consent of the contractor purchase the vessels at cost to the contractor plus cost of capital improvements thereon, less 5 percent annual depreciation upon such vessel, and the actual depreciated costs of capital improvements thereon, or (2) reinstate the contract and adjust or settle, to the satisfaction of the contractor, the default found by the Commission or the court to exist."

The amendment was agreed to.

The next amendment was, on page 24, after line 12, to insert the following:

SEC. 612. The Commission is authorized to subordinate its interest as mortgagee in any vessel subsidized under the provisions of this title in favor of any loan made by the Reconstruction Finance Corporation under the Reconstruction Act, as amended, if the Commission finds that the making of such loan by the Reconstruction Finance Corporation would be in furtherance of the policies of this act or would, in its opinion, preserve or protect its mortgage interest in said subsidized vessel: *Provided*, That the obligations evidencing such loans by the Reconstruction Finance Corporation shall not be transferred, except to some other governmental agency.

Mr. CLARK. Mr. President, I should like to have an explanation of these amendments as we go along. They are complicated amendments, and I should like to have the chairman of the committee explain exactly the effect of the proposed changes.

Mr. COPELAND. Mr. President, this proposal received the attention of the committee, and study by the committee. The committee listened to the officials of the Maritime Commission. The language included on page 24, from line 13 on, is the result of the Commission's experience in administering the existing law.

The Commission has found that some of the subsidized lines require additional capital, which, if obtainable at all, even from the Reconstruction Finance Corporation, can be procured only upon the basis of giving as security for the loans first mortgages on one or more units of the fleets on which the Commission now holds ship-sale or ship-construction loans.

There appears to be legal precedent for the subordination of first liens held by the Government under extreme cases of emergency. It seems desirable, however, that the Commission's authority be settled by express statutory provision. The pending amendment will cover that situation.

Section 612 authorizes the subordination of the Commission's interest as mortgagee in any vessel subsidized under title VI of the act for one purpose only, in favor of a loan by the Reconstruction Finance Corporation, another agency of the Government.

Furthermore, the authority can be exercised only if the Commission finds that such action would be in furtherance of the policies of the Merchant Marine Act, or would preserve and protect its mortgage interest in the subsidized vessels involved.

Finally, the interests of the Government are fully protected by the provision that the obligations evidencing such loans as may be made by the Reconstruction Finance Corporation shall not be transferred except to some other governmental agency. This provision is considered to be wise, because it seems to be undesirable and unnecessary that private interests should obtain security interest in the vessels, and thus have a preference over Commission mortgages.

Mr. CLARK. Mr. President, as I see it, this provision merely represents another raid on the Treasury of the United States in the interest of these subsidized lines. I do not think any Senator upon this floor would deny that it would have been impossible for the present Merchant Marine Act to have been passed in the last session of Congress except with the restrictions which were sought to be imposed by that measure. The Congress finally agreed to the theory of the advocates of a subsidy, that, with only a very small investment by a proposed shipowner, the Government of the United States should be willing to grant a subsidy for the construction of a vessel, or should even be willing to make very extensive loans on the construction of the vessel, and likewise to grant huge subsidies in proportion to the operating expenses of any of these lines. But the restriction which was placed upon that section of the law was that the United States should take a first lien on the vessel, which was to be the security of the United States in that operation.

It is now proposed, by authorizing the Maritime Commission to subordinate its claim as mortgagee to that of another governmental agency, merely to beat the devil about the stump, and increase without limit the amount of money which may be taken out of the Treasury of the United States and loaned to somebody or given to somebody for the construction or operation of ships.

It seems to me there is no justification on earth for this section, because it merely extends Government aid without limit and tends to emasculate the whole purpose of the act which was passed at the last session.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. NORRIS. I am not familiar with the pending bill, but I am amazed at the statement made by the Senator from Missouri. If the bill does all the things he has stated it does, I do not understand how it ever got out of the committee, or how it can be expected that anyone will support it.

Mr. CLARK. Mr. President, the Senator will recall the long controversy in this body with regard to the question of ship subsidy. It was finally very reluctantly agreed to by those of us who had opposed the ship-subsidy bill that a system of direct subsidy, bad as it was, was infinitely preferable to the system of indirect subsidies then in effect in the shape of the old ocean-mail contracts provided it was properly restricted. With agreement on certain limitations, the bill finally passed this body without substantial opposition.

Mr. President, the pending bill is brought in this year for the purpose of removing from the original measure practically every limitation that was inserted as to the extension of subsidies, and every restriction as to the manner in which subsidies should be granted. In other words, the system is to proceed almost exactly as before, in some degree even being worse than under the old Copeland-Bland measure, which passed this body. It seems to me there can be no purpose in this measure other than to provide that every limitation shall be removed, because when we say that the Maritime Commission shall subordinate its first mortgages on vessels to a lien to be granted to another governmental agency, the R. F. C., it is merely tantamount to saying, "The Maritime Commission cannot lend more than so much money, but if you go around to the R. F. C. and get so much money, which all ultimately comes out of the Treasury of the United States, then the provision of law will be suspended." The first mortgage of the Reconstruction Finance Corporation and the second mortgage of the Maritime Commission, so far as the Treasury of the United States is concerned, merely amount to a removal of a limitation now provided by law.

Mr. VANDENBERG. Mr. President, I should like to correct the Senator in one statement. He said all money that comes out of the Reconstruction Finance Corporation comes out of the Treasury of the United States, but is supposed to be repaid. We canceled about two and a half billion dollars the other day that was not repaid. So that there are sources of loss, as well as reimbursement, in the R. F. C.

AGRICULTURAL APPROPRIATIONS

Mr. RUSSELL. Mr. President, I understand that Senators who asked that the agricultural appropriation bill go over until tomorrow have investigated the bill and have no desire to delay it until tomorrow. If I am correct in that assumption, I should like to have the Senate recur momentarily to the agricultural appropriation bill so that we can pass it and take it to conference.

Mr. NORRIS. Mr. President, is the Senator referring to me?

Mr. RUSSELL. Yes.

Mr. NORRIS. I was not sure but that someone else also had asked that the bill go over, but I am not informed as to that.

Mr. President, I expected to speak at some length on the agricultural appropriation bill. I had gone to the trouble of making considerable investigation and research, and of gathering together various documents which I desired to present and discuss, and I thought the most appropriate point at which to speak was in connection with the consideration of the agricultural appropriation bill. The matters I had in mind referred directly to some of the provisions of that bill, and what I wanted to say had particular reference to several amendments to the bill which I had presented and which were referred to the committee. As the Senator from Georgia knows, I was anxious to be heard by the subcommittee, but on the days when the subcommittee was in session I was obliged to be in attendance on hearings held by other committees or subcommittees of which I was a member, and it was impossible for me to be present and make a statement before the subcommittee on appropriations.

Mr. President, I had no idea the bill would come up for consideration today. I did not arrive in the Senate Chamber until consideration of the bill was half completed. I have taken an hour or so since then in looking up some of the amendments I had proposed, and I find that the subcommittee has taken care of nearly all the amendments I proposed, so that part of my address, applying particularly to the amendments, need not be presented, and therefore some of the time of the Senate may perhaps be saved. I feel that under the circumstances I should not subject the Senate to listening to the long address I had expected to make, especially since, at least in part, the objectives I had in mind have been accomplished, and my arguments with reference to them are unnecessary to be made.

Therefore, Mr. President, so far as I am concerned, I am not going to object to the proposed action. I think all action required to be taken on the bill has been taken except voting on its passage. If the Senator from Georgia wants to take up the bill and complete action on it, I shall not make any objection.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. VANDENBERG. In the course of the discussion to which the Senator from Nebraska referred, the Senator from Idaho [Mr. BORAH] asked whether the bill would be open to certain amendments which he wanted to offer tomorrow. Can the Senator from Georgia tell me whether the situation is satisfactory to the senior Senator from Idaho?

Mr. RUSSELL. I have not had an opportunity to confer with the senior Senator from Idaho, but I understood he was perfectly satisfied with the noxious-weeds item in the bill which has been provided for by the committee. After making his statement the Senator from Idaho subsequently inquired about that particular item, and I assumed that that was the item he had in mind.

Mr. VANDENBERG. I am advised by some of the Senators representing States adjoining the State of the Senator from Idaho, that he is satisfied with that particular item.

Mr. BILBO. Mr. President, I had hoped that the consent order would stand, and that the bill would go over for final action until tomorrow, because I wanted to make some explanations and observations on the amendment affecting the appropriation for the four regional research laboratories, not that I had any hope that I could reverse the decision of the subcommittee, but there were some things affecting these projects that I wanted to discuss.

Since 1935, since I have been in the Senate, I have been trying to propagandize the Congress with respect to the pressing necessity for a regional research laboratory, especially for the benefit of the cotton farmers. A bill making such provision passed the Senate twice. I followed it over to the House committee, and in discussing the matter before the House committee, which, by the way, made a favorable report of the original bill, the committee members expressed a desire to join in the campaign and provide for other regional research laboratories.

When the general farm bill of 1938 was before the Congress I offered an amendment providing for the establishment of four such research laboratories, and a fund of $2,000,000 was set up to be divided equally between the four laboratories. The House in the meantime passed the farm bill of 1938, and provided for the sum of $9,000,000 to be used in the establishment of research laboratories without specifying any number of laboratories.

In conference the committee decided to establish four laboratories in the four great agricultural areas of the United States, and agreed to provide the sum of $1,000,000 for each laboratory, or a total of $4,000,000. I appreciate the fact that the $4,000,000 would come out of the general

fund which is to be used for all the farmers; but I think I am safe in saying that the farmers of the Nation are behind the research laboratory program and are perfectly willing to have that much money diverted from the total sum for this purpose, as it will be spent for the benefit of the real farmer.

The claim is made by the committee, as I understand, that the appropriation of the $4,000,000 at this time would be a futile, a vain thing to do, for the reason that the Department is not now ready to locate the laboratories, neither it is ready to provide for the proper construction and equipment of the buildings. I wish to say that so far as the southern research laboratory is concerned—and it is generally understood that one of the laboratories is to be located in the Cotton Belt and is to conduct experiments in the effort primarily to discover additional uses for cotton and cottonseed—the Department is ready to construct the building and equip it and to start the investigations.

In fact, the plans and specifications have been agreed upon by the Bureau of Chemistry and Soils for several months, and they are ready to proceed with them.

I cannot speak for the other sections, and I understand that nothing definite has been urged by the other sections, but at this time, when the cotton-producing South is so greatly stricken because of low prices for cotton, and an unreasonable carry-over of 13,000,000 bales, which has a tendency to beat down the price of cotton below the cost of production, it is very unfortunate that the South will have to wait upon the Department to make arrangements and formulate a program and plans for the construction of buildings and to designate the line of investigation to be carried on in the other three regional research laboratories. Such delay will result in penalizing that section which has had this matter under consideration and preparation for quite a while. It would be an unnecessary hardship if the South should be forced to wait because of the lack of preparation by the other sections of our common country.

It has been argued by some that there ought to be an effort made to coordinate governmental investigations with those which are carried on by private laboratories of great industrial organizations so as to avoid duplication by the Government laboratories. I should like to say in response to that suggestion that that is one great argument for Government owned, controlled, and operated laboratories. Take the case of the Hercules Powder Co., or the Standard Oil Co., or Henry Ford, or any of the great industrialists, who are spending millions of dollars in their laboratories to make investigations to find other chemical outlets and byproducts. When they make a discovery it does not do the farmer any good, it does not do the people generally any good, because those industrialists make a "beeline" to the Patent Office and secure a patent on whatever they find out in their laboratory investigations, and it is tied up in the hands of the industrialists for a term of 14 years, whereas if the Government makes investigation through its chemists, and a discovery is made that will result in benefit to the farmers, who are so sorely pressed, and who will be more sorely pressed as the years go by, at once the farmers may come into the full enjoyment of whatever discoveries may be found with respect to other chemical outlets for our agricultural products.

To illustrate, let me say that since this matter has been before the country, since we have been urging chemurgic investigations with respect to argicultural products, a small industrialist in my State, at McComb, has been able to take cotton linters and combine it with portland cement, and has produced a shingle that we believe is the equal of the asbestos shingle, or other high-grade shingles, in durability and lasting qualities and in cheapness. If that be true, the result is the establishment of an outlet for cotton linters with great possibilities.

In the case of another small industrial plant, at Hattiesburg, Miss., attention was directed to the importance of finding other uses for cotton; and Mr. Wood, their chemist, has devised a road-surfacing material, in the process of manufacturing which raw cotton is carried on the highway with a portable gin, and the cotton lint is there mixed with asbestos, gravel, sand, and tar, which renders it waterproof, producing a road covering material which is equal to, if not better than, cement itself. Tests are now being made, and if they are successful a patient will be granted to the industry at Hattiesburg which will rob the farmers of the benefits of this discovery.

I hope the establishment of a laboratory for the cotton-producing section can be provided for at this time. Plans and specifications for the building have already been made by the Bureau of Chemistry and Soils. They have their program already outlined, as to where they are going to investigate and what they are going to try to ascertain. They know exactly what kind of machinery to put in the laboratory building. What I say is true of the proposed laboratory in the South. I know nothing about the others.

Mr. POPE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. ELLENDER in the chair). Does the Senator from Mississippi yield to the Senator from Idaho?

Mr. BILBO. I yield.

Mr. POPE. Does the Senator know how far the Federal Bureau of Roads has gone in using cotton for road-surfacing purposes?

Mr. BILBO. I know something about it. The Bureau of Public Roads has used cotton cloth as a base for the pavement of highways in approximately 600 miles of roads in the United States, in 24 States. The point I desire to make is that the Bureau of Public Roads takes the raw cotton, gins it, ships it to the factory, pays freight on it, manufactures it into cloth, and pays the freight back to the site of the highway, all of which results in a very expensive surfacing for the highway. In the discovery about which I was speaking, raw cotton is ginned on the highway. There is no freight cost. There is no cost of manufacturing cloth. The resulting road-building material is better, in that the fiber is thoroughly mixed with the materials necessary to made the road surface. So I am greatly disappointed that we shall have to wait until January 1939 before we can get the appropriation which has already been authorized by the Farm Act of 1938. A part of the country is all set and ready to proceed with this great undertaking.

This morning I read a statement by Mr. Babson, who painted a gloomy picture for the agricultural life of the Nation. He stated that one ray of hope held out to agriculture is the discovery, through commercial investigation, of additional uses for farm products. I know that the only hope for the cotton farmer is to find additional uses for cotton. I believe that after a short period of investigation and discovery of additional uses we shall be able to find enough uses for cotton linters so that we shall not need any control program, and 130,000,000 people will be able to utilize not only 20,000,000 bales of cotton every year but 25,000,000 bales.

So enthusiastic have been the people of my State in regard to this great undertaking for the benefit of the farmers, and so anxious were they to contribute their share to the success of the program, that under the provisions of the bill which authorized the Secretary of Agriculture to accept donations for the location of the laboratories my State legislature appropriated half a million dollars to be given to the Federal Government in connection with the establishment, building, equipment, and maintenance of such an institution. In addition to that, two cities in my State have already authorized an appropriation, and are ready to turn over to the Federal Government a quarter of a million dollars each, in the effort to bring about the location of the laboratory in their midst. In other words, the State of Mississippi is already offering $750,000 for the location of the laboratory which was authorized under the Farm Act of 1938.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BILBO. I yield.

Mr. CONNALLY. Does the Senator from Mississippi think the Federal Government, in locating a laboratory, ought to be influenced by gifts or any other sort of blandishments? Ought not the laboratory to be located where it will serve the best interests of all the people, rather than to be bought into a certain location?

If the laboratory is to serve a great national purpose, the Department of Agriculture ought to look around and locate the laboratory where it can best serve its purpose, and not be tempted or swerved from its duty by having dangled before it a large amount of money taken out of some State treasury which results in taxing the people of the State unjustly, and putting on them a heavy burden in the form of State taxation in order to obtain something which the Federal Government ought to locate without any improper or seductive temptations to put it where it does not belong.

I ask the Senator in all candor if he does not think the approach to the problem which I have suggested is better than having the different States bidding against one another for the location of such a laboratory?

Mr. BILBO. The people of Mississippi, believing that Mississippi is the ideal State in which to place the southern research laboratory, are willing to contribute, as a matter of good faith, $750,000 in case it is located in Mississippi. In the original bill which I introduced, providing for the establishment of a laboratory, I submitted my proposal to the President of the United States. The President and the Bureau of the Budget agreed to the passage of the bill on condition that the State in which the laboratory was located would put up $250,000; but the conference committee removed that condition. The committee did away with the requirement of a contribution of $250,000 on the part of the State in which one of these laboratories was located and inserted another provision, which I think was a mistake. The conference committee provided that, notwithstanding no State would have to put up $250,000, the Secretary of Agriculture was authorized to accept donations from States or communities desiring to have the laboratory located in their midst.

Of course, the Department of Agriculture will not allow money to be the controlling factor in the location of laboratories. I think I am safe in making that statement. But when all the advantages of locality, accessibility, climate, and accommodations for the building and maintenance of the laboratory are surveyed, and it is found that Texas is just as good a place as Mississippi, and that Mississippi is just as good a place as Texas——

Mr. CONNALLY. They will not decide that to be so.

Mr. BILBO. And that Alabama is just as good a place as Mississippi or Texas, and that even Arkansas would be a very favorable location——

Mr. MILLER. Why does the Senator say "even Arkansas"?

Mr. BILBO. Because I noticed the Senator from Arkansas in the Chamber.

Mr. McKELLAR. Why leave out Tennessee?

Mr. BILBO. Tennessee is so close to Mississippi that it might pass. However, when all the factors are taken into consideration, everything else being equal, the Secretary of Agriculture would be a very poor Secretary of Agriculture if he did not locate the laboratory in the State which would put up the most money and show a spirit of cooperation and sympathy for this great institution, which is to last for all time to come.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BILBO. I yield.

Mr. CONNALLY. If the test described by the Senator is to be applied, I suggest to the Senator that the Secretary will locate the laboratory in the community which submits the most attractive offer.

Mr. BILBO. I did not say that.

Mr. CONNALLY. The Senator said the Secretary would do so, all other things being equal.

Mr. BILBO. Certainly.

Mr. CONNALLY. Let us assume that a number of equally suitable locations are available in Mississippi, Louisiana, and Arkansas. The Secretary would then call upon the States for contributions and say, "I intend to locate the laboratory in the State which will provide the largest contribution." Would not the result be that the States would be bidding against one another, and taxing their own people in the form of a State tax for what is really a Federal activity?

Most of the States have been before the Congress begging the Congress for money from the Federal Treasury to carry on activities which the States themselves should carry on, and yet the Senator from Mississippi now is suggesting that Mississippi is able to give the Federal Government $750,000 toward an activity which ought, in good conscience and good economy, to be entirely maintained by the Federal Government, because the project will not serve Mississippi alone.

Mr. BILBO. Certainly not.

Mr. CONNALLY. We wish the laboratory to be a fair and impartial research laboratory. We do not wish it to be considered a possession of Mississippi, of Texas, or of Arkansas. The cotton from Texas must be treated in the same way as is the cotton from Mississippi. I do not agree that the Federal Government, in locating activities of this sort, should be actuated by a spirit of gain, or a feeling of greed, and should auction off the project to the community from which it can get the most "swag" in connection with the location of a laboratory.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. BILBO. I yield.

Mr. MILLER. As a matter of fact, the law provides for the establishment of four research laboratories. It is assumed that one will be established in the Corn Belt, one in the Wheat Belt, one in the Cotton Belt, and one to take care of the other groups of producers whose interests should be taken into consideration, particularly the rice interests. I doubt whether the Government would be justified in establishing a research laboratory for the study of tobacco, although tobacco is a valuable crop. But conditions affecting rice and the development of the rice industry are such that I think the Secretary, in all fairness to those States producing rice, should take that product into consideration in locating one of these laboratories, probably establishing a combined laboratory for the study of some of the so-called lesser major crops, for if there is such a thing as a "lesser major" crop, rice comes in that category.

Mr. BILBO. How many States produce rice commercially?

Mr. MILLER. Four. Of course, we may include California, but that would be too far out in the United States. Arkansas, Louisiana, and Texas are the main rice-producing States.

Mr. HATCH. Mr. President, will the Senator from Mississippi yield to me?

Mr. BILBO. I yield.

Mr. HATCH. I do not quite understand the remark of the Senator from Arkansas. Did I understand him to say that California was "out of the United States"?

Mr. MILLER. I said it would be "too far out."

Mr. BILBO. Mr. President, in reference to the observation of the Senator from Texas [Mr. CONNALLY], let me say that we all appreciate the fact that, no matter where a laboratory may be located, whatever discoveries may be made, whatever may be accomplished in those laboratories will result in good to all the people. I can fancy that if a laboratory were located in the Panhandle of Texas or in the mesquite territory of western Texas at Uvalde, whatever investigations were made, whatever discoveries were made would result in just as much good to Mississippi as if the laboratory were located in Mississippi. However, we all appreciate the fact that convenience and accessibility on the part of the people in the agricultural area where a laboratory is located should be factors. If the southern laboratory is to deal first and primarily with cotton and cottonseed, cotton being the great crop of the South, then it should be located somewhere in a central section, so that the cotton growers from every

section may make their way to the laboratory for investigation and for study.

Of course, money is not going to be the deciding factor; the donations will not control, for there are many factors involved. Yet, I repeat, in all fairness, if a community or State is chemurgically minded, if it believes in this great undertaking, if it is in sympathy with the objective and shows its interest by making a wholesome donation, other things being equal, the community that shows the greatest spirit of cooperation and interest should be favored by the Secretary.

It may be that Texas could put up a million dollars and Mississippi only three-quarters of a million dollars, but there are other advantages that Mississippi would have over Texas that would justify the Secretary in locating the laboratory in Mississippi.

Mr. President, I entertain no hope of persuading the committee or the Congress after the House has acted as it has to secure $4,000,000 at this time; but I may, before the Congress adjourns, attempt to meet the objections of the Senator from Idaho and the Senator from Georgia by seeking a sufficient appropriation, at least, to start one of the laboratories in a section that is ready to proceed with the work.

Mr. POPE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Idaho?

Mr. BILBO. I yield.

Mr. POPE. I made no objection to the establishment of the laboratories. As a matter of fact, the questions that I asked the Senator from Georgia were asked in an effort to bring out the reason why an appropriation was not made for the four laboratories.

Mr. BILBO. I am glad to know the Senator's position.

Mr. POPE. It was my understanding that when Congress passed the bill providing for the establishment of four laboratories there would be an appropriation made to carry out that provision of the law. I am for it; I think it should be carried out; and my questions to the Senator from Georgia were asked in an effort to find out why it had not been done. So I agree with the Senator from Mississippi with respect to that matter.

Let me ask the Senator from Mississippi a question. What does he have to say to the suggestion of the Senator from Georgia that there should be some sort of coordination between present laboratories and the proposed new laboratories? For instance, in my State we have a land-grant college, where there is a laboratory, and certain researches are being made perhaps along the line contemplated by the larger laboratories. Has the Senator any suggestion as to what might be done with reference to that matter in order to prevent duplication as suggested by the Senator from Georgia?

Mr. BILBO. I have the impression whenever we undertake to dissipate the funds appropriated under an authorization of law, and scatter the money around among small, one-horse institutions and laboratories, that the result would be to defeat the very purpose of establishing four great central chemurgic institutions in which the work would be carried on by a group of scientists who would be brought from the best institutions and best laboratories of the country.

So, I think the suggestion of scattering this fund would be a mistake. It would result largely in the same situation we now have with respect to statistics issued by the Government. We have now half a dozen or more Government agencies engaged in the business of gathering statistics. It is an endless process; they are overlapping; they are intruding upon each other's territory; and we have a conglomeration of statistical information that ought to come from one central organization of the Government. If we desire to secure real results, we should concentrate the expenditure of the money in one great institution, one great workhouse, where there would be brought the best brains and the best talent of the United States to concentrate upon the great undertaking of finding the thousands of new commercial uses that may be discovered for agricultural commodities produced in the United States. It is the only rainbow of hope, it is the only way out for the farmer. I repeat, I regret exceedingly that the committee has seen fit to refuse to recommend an appropriation of at least a sufficient amount to establish one of these laboratories especially for the section that is now ready to proceed with it. I appreciate the fact that it cannot be put in the bill because it would be legislation on an appropriation bill, but I entertain the hope that I may persuade the Senate before final adjournment that this item should be put on some other bill, and that an appropriation should be made at least to provide for the establishment of one of these laboratories.

Mr. BONE. Mr. President, I move to reconsider the vote by which——

Mr. RUSSELL. Mr. President, if the Senator will pardon me for a moment, there is pending an amendment now on page 93, as I recall, of the agricultural appropriation bill. I hope we may dispose of that amendment.

The PRESIDING OFFICER. Senate bill 3078 has not been laid aside as yet.

Mr. RUSSELL. I understood that bill had been laid aside.

The PRESIDING OFFICER. The Chair will inquire who made the request?

Mr. RUSSELL. I asked that the bill be laid aside.

The PRESIDING OFFICER. The present occupant of the chair was not aware that such a request was made.

Mr. RUSSELL. Then, I now make the request, Mr. President.

Mr. BARKLEY. The Senator may call for the regular order, and that will automatically bring back the appropriation bill before the Senate.

Mr. RUSSELL. I ask for the regular order.

The PRESIDING OFFICER. The regular order is demanded. The regular order is the agricultural appropriation bill.

The Senate resumed the consideration of the bill (H. R. 10238) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1939, and for other purposes.

Mr. CONNALLY. Mr. President, I should like to say a word.

The PRESIDING OFFICER. The Senator from Washington [Mr. BONE] has the floor.

Mr. BONE. I yield to the Senator from Texas.

Mr. CONNALLY. Mr. President, I wish to say that I am heartily in accord with the purpose of establishing agricultural research laboratories and very much regret that the Committee on Agriculture and Forestry, for reasons no doubt sufficient unto the committee, saw fit not to provide complete appropriations.

According to my view, however, the laboratories ought to be located wherever the Secretary of Agriculture considers the location best suited to the purpose for which they are to be established. I do not agree to the proposition that States ought to be compelled to offer monetary inducement to influence the mind of the Secretary or the mind of the Department. If a Federal activity is worth embarking upon at all, then the Federal Government ought to bear the expense of such activity. If an Army camp should be located in my State because it is nearer the border of Mexico, it ought to go there regardless of whether or not Texas puts up a 5-cent piece. So, in the case of these laboratories, I have no objection to nominal contributions—a site, or something of that kind—but I think it is wrong for ambitious localities, that may not possess certain natural advantages that some other locality possesses, to rush in and say, "Why, here, Mr. Secretary, look at the money we have; feel of it; it is cash; put this laboratory down here where we want to have it put." That is the policy and the theory to which the Senator from Texas is objecting.

If a Senator were in the performance of his duty here, and a lobbyist were to call him out in the hall and say, "We

know your mind is already made up, and you favor our bill anyway; but, all things being equal, just look at this money here, Senator. Look at it. Take it; feel of it; put it in your pocket." We would not stand for that a moment. It would be undue influence, bribery, corruption.

So, Mr. President, I simply wished to put in the RECORD here, so that the Secretary may read it if he wants to read it, that it is not the policy of the Senate and it is not the policy of the Congress to auction off to the highest bidder the places where these institutions shall be located. I have no objection to the location of one of them in Mississippi. If the Secretary feels that Mississippi is the place to put it, let him put it there; but do not make Mississippi tax its tax-ridden people $750,000 out of a treasury which, no doubt, is already depleted, to buy the Federal Government into putting a research laboratory in Mississippi. If it belongs in Arkansas, put it in Arkansas. We have one vote already for Arkansas. [Laughter.]

Mr. President, the Senator from Mississippi has shown a great deal of zeal in advocating the establishment of these laboratories, and I want to pay great compliment to him for his activities; but I do not want the Senator to get this site in Mississippi so close up to his eye that he cannot see that these laboratories are to perform national functions. They are to serve all the cotton States. They are to serve all the cotton region. Mississippi is a fine cotton State, but she could be put in two or three counties in my State. So I hope the Senator will not further urge and press a drive on the Secretary with this money in his hand, but that he will let the Secretary decide the matter according to its merits, uninfluenced by low motives—motives of greed and all that sort of business. Let the Secretary decide in accordance with the merits of the case, and the natural attractions of the place, and its suitability for the purposes of carrying on research. When that is done, I say that I have no fear as to where the laboratory will be located.

Mr. BILBO. Mr. President, to keep the record straight, I assure the Senator from Texas that we carefully read the statute before we provided for funds for this institution. There is nothing in the law which makes a donation mandatory or necessary; but what Mississippi is doing is done in the right and proper spirit.

We have a very active and enthusiastic Chemurgic Council in Mississippi, headed by our secretary of agriculture. In fact, Mississippi is chemurgic-minded, chemurgic-conscious. We are so enthusiastic about the great good to flow from the establishment of these laboratories and the work to be accomplished by them, that as a free-will offering we are tendering to the Government and the people of the United States, through the secretary, this contribution to help in a great and glorious cause. At the same time, we believe that Mississippi has all the other advantages which warrant the location of one of these laboratories within its borders. It is the geographic center of the Cotton Belt. It is accessible by good roads, railroads, and airplane. It is the second greatest cotton-growing State in the Nation, even if Mississippi could be put into three counties in Texas.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee on page 93, lines 12 to 19.

The amendment was agreed to.

Mr. BONE. Mr. President, in accordance with the understanding we had earlier in the day, I now ask unanimous consent to reconsider the vote by which the Senate approved the committee amendment to the pending bill in the first five lines of page 44.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Washington? The Chair hears none, and the vote is reconsidered. The question now is on agreeing to the amendment reported by the committee.

Mr. BONE. Mr. President, the committee amendment took $65,000 from the amount appropriated for the administration of certain marginal and submarginal lands. Let me say to the Senate that this $65,000 item was intended to permit the administration by the Forest Service of some 2,000,000 acres of land in various parts of the United States which had been taken over by the Forest Service. I think most of it was acquired by the Resettlement Administration as part of the land-utilization program which it was administering under the provisions of the Emergency Relief Act of 1935. Unless this rather small item remains in the bill there will be no money for fire protection and for the other necessary operations which will have to be carried on in order to make the land available or even to preserve what timber is on it; and I am hopeful that we may provide the necessary supervision and fire protection by this small item.

There is a tremendous amount of this land. A considerable block of it is in the northwestern part of the United States, but it is scattered all over the country. I do not know how many States are involved. Quite a few States are involved. It is a rather small item, and I hope the able Senator in charge of the bill on the floor will let my motion prevail, that the committee amendment be rejected, and let it go to conference.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. BONE. Yes; I yield to the Senator from Wyoming.

Mr. O'MAHONEY. If the amendment should be rejected, of course, there would be nothing in conference.

Mr. BONE. I think the Senator is correct.

Mr. O'MAHONEY. That is the case.

Mr. BONE. Then I stand corrected. That is true, Mr. President. I was in error on that point. This provision came over to the Senate from the House. I think it is sufficiently important to justify rejection of the committee amendment, which struck out the item, and I hope the Senate will let the item remain in the bill. It is tremendously important to the Northwest. It touches Washington, Oregon, Idaho, and affects vast tracts of land there. I think nearly half a million acres are involved, and if fire ever got into those tracts it would do an enormous amount of damage. This $65,000 will provide fire protection and observation and the other things which are necessary to proper care of the land. These are valuable pieces of land.

Mr. POPE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Idaho?

Mr. BONE. I do.

Mr. POPE. Is it the understanding of the Senator that without this appropriation there would be no means of protecting from fire and other hazards these lands which were acquired by what is now known as the Farm Security Administration?

Mr. BONE. It is my understanding that without this item the Forest Service will be without funds to give the lands fire protection, and patrolling, and the other things which are normal incidental operations of the Forest Service. These great tracts of land, aggregating some 2,000,000 acres, were taken over, and at present there is no way of policing them and protecting them from fire; and this $65,000 item is said by the Department to be sufficient for that purpose.

Mr. POPE. Mr. President, will the chairman of the subcommittee or somebody else explain why these lands at present are not protected?

Mr. O'MAHONEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Wyoming?

Mr. BONE. I yield.

Mr. RUSSELL. The amendment was offered by the Senator from Wyoming, and I should like to have him explain it.

Mr. O'MAHONEY. Mr. President, I hope those who may be interested in this amendment will refer to the testimony which was adduced by the subcommittee in charge of the pending bill, and which appears beginning at page 233 of the hearings before the Senate subcommittee. I think it will be of value to the Members of the Senate to read the hearings and to become acquainted with the testimony which was submitted to the committee.

I may briefly summarize the situation by saying that there is now upon the statute books, unrepealed, a law which provides that no lands may be added to any national forest by Executive order in certain States, one of which is the State of Washington, without specific authorization of law. There is a great deal of sentiment in many Western States against the acquisition by the various bureaus of the Government of additional land without an examination of the addition by the appropriate committees of Congress.

The theory in many of the Western States is that since the State and county governments are supported by taxation of privately owned property, and since it has always been the policy of the Government to encourage the settlement and development of the western section by the transfer of publicly owned land to private ownership, such development should not be prevented by mere Executive order.

When the various emergency laws were passed for the purpose of enabling the Government to aid those who were out of employment to find work, and other emergency laws designed to use reforestation, prevention of soil erosion, and matters of that kind, as avenues for putting people to work, authority for Executive action was conveyed in the National Industrial Recovery Act and in the Emergency Relief Appropriation Act.

The lands to which the Senator referred were purchased under the submarginal retirement program. For my part, I think that program has been an excellent one, and has been handled in a very admirable manner. But it seemed to the committee, when it was considering this amendment, that we were allowing the Forest Service to expand its acreage in the State of Washington without specific authority of Congress.

Mr. BONE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. BONE. The Senator will correct me if I am in error, and I know that there are those nearby who are better informed on this subject than am I. It is my understanding that under the Resettlement Administration program, in order to get farmers off marginal and submarginal lands, where they were actually going bankrupt and starving, under authority passed by Congress, very definitely approved in this body, the Resettlement Administration bought this land, which really is not good for anything except for growing trees, and it was turned over to the Forest Service. It might as well have been turned over to them as to any other Service.

Mr. O'MAHONEY. Absolutely.

Mr. BONE. Therefore, we confront the accomplished fact that the Forest Service has this land. All Senators felt it was a good thing to turn it over to them. We now have the Forest Service with a huge block of timbered land——

Mr. O'MAHONEY. Mr. President, if the Senator will permit me to interrupt him, since I have the floor, I should like to say that I do not intend to object to his amendment. I shall be perfectly willing, as the sponsor of the amendment by which this language was stricken out, to subscribe to his motion for reconsideration, and I shall be perfectly happy to have the House language adopted, because since the State of Washington is the State most concerned in this immediate item, and since it is perfectly clear that these lands can be best administered by the Forest Service, I shall have no objection whatsoever to the elimination of the amendment recommended by the Senate committee. I was merely explaining to the Senate, in response to the question of the junior Senator from Idaho, the reason why this amendment was made by the committee.

Since the amendment was suggested I have received a statement from Mr. White, the very efficient and able Solicitor of the Department of Agriculture, explaining the position which the Department has taken with respect to the legal phases of this subject. I ask unanimous consent that the statement be published in the RECORD at this point.

The PRESIDING OFFICER. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

LEGAL AUTHORITY FOR THE ACQUISITION OF LANDS IN CONNECTION WITH THE LAND-UTILIZATION PROGRAM INITIATED BY THE RESETTLEMENT ADMINISTRATION, NOW THE FARM SECURITY ADMINISTRATION, AND FOR THE TRANSFER OF A PART OF THEM TO THE FOREST SERVICE FOR ADMINISTRATION

Any statement in regard to the legality and propriety of transferring to the Forest Service for administration lands acquired in connection with the land-utilization program formerly administered by the Resettlement Administration, now the Farm Security Administration, and subsequently transferred to the Secretary of Agriculture, should be prefaced by a brief statement showing the nature and scope of this program. The land-utilization and land-conservation program has as its primary objective the establishment of a permanent, desirable type of economy for those areas in which farming is uneconomic and in which the land should be retired from cultivation. It is the only program of the Federal Government which has as its objective the economic stabilization of areas which, because of mistaken public policies and the ignorance or necessitous circumstances of private individuals, are being cultivated, in spite of the fact that they actually are not suitable for arable farming. It is essentially a program aimed at helping the half million farm families now living in these subnormal areas, as well as to effect a conservational use of land. The program is concerned with the acquisition and administration of lands only to the extent that the devotion of the land to proper uses cannot be achieved in any other way.

Land purchases are limited, for the most part, to those areas within which the predominant use of the land is for agriculture, where the soil, rainfall, topography, length of growing season, and other factors make arable agriculture undesirable. Improper use of the land in these poor areas has resulted in mining of the soil, severe erosion, and serious depletion of natural resources. The people living on the lands are poverty stricken, and in recent years have been the recipients of extensive Federal subsidies in the form of relief, seed and feed loans, and other forms of assistance. It is a case of the people ruining the land and the land ruining the people. The results are socially undesirable, both from the standpoint of the effect upon the people in the areas and from the standpoint of the loss of natural resources.

The conversion of these socially undesirable areas into areas representing assets to the country can best be effected through Federal purchases of some of the land and adjustments in the use of most of the land in such areas, carried out in cooperation with the people and political units involved. In the eastern portion of the United States the land purchased with a view to developing a permanent economy is also suitable for forestry, wildlife, and recreational uses. In some areas the land should be devoted to a combination of all three uses. In others some one of the three uses may predominate. In the Great Plains the purchase of a relatively small proportion of the land in a given area ordinarily will permit the establishment of a sound type of grazing economy over a much larger area. Whether in the East or in the Great Plains, adjustments undertaken are designed to bring about the best permanent use of the land. Aside from conserving natural resources and placing families in an economy which will permit them to become self-supporting, a setting is provided which may make it possible to put local public finances in these areas upon a sounder basis.

Administration of the land acquired, after the adjustments proposed have been effected, is a distinct and separate problem. The Forest Service is the recognized agency of the Federal Government for the administration of forest lands, and it seems proper, once the adjustments have been effected, that those projects in which forestry should be the major use of the land should be administered through the Forest Service. Similarly, projects devoted principally to wildlife uses should be administered through the Bureau of Biological Survey. In other instances, however, the uses of the land after the program of land conservation and land utilization has been effected will be such that the agency now charged by the Secretary with primary responsibility for the program, the Bureau of Agricultural Economics, can best administer the land.

The legal basis for the program is contained in title II of the National Industrial Recovery Act, the Emergency Relief Appropriation Act of 1935, and title III of the Bankhead-Jones Farm Tenant Act. The land-utilization program was incorporated in the comprehensive program of public works which title II, section 202, of the National Industrial Recovery Act directed the Federal Emergency Administrator of Public Works to prepare. It falls within that part of the comprehensive program which is described in subsections (b) and (c) of section 202, which reads as follows:

"(b) Conservation and development of natural resources, including control, utilization, and purification of waters, prevention of soil or coastal erosion, development of water power, transmission of electrical energy, construction of river and harbor improvements, and flood control. * * *

"(c) Any projects of the character heretofore constructed or carried on, either directly by public authority or with public aid, to serve the interests of the general public."

The acquisition of land in connection with this program was authorized by section 203 (a) (3).

When the National Industrial Recovery Act expired, the land-utilization program was continued under the Emergency Relief Appropriation Act of 1935. The projects composing the program were approved by the President as work-relief projects, within the class described in section 1 (h), which reads:

"(h) Sanitation, prevention of soil erosion, prevention of stream pollution, seacoast erosion, reforestation, forestation, flood control, rivers and harbors and miscellaneous projects."

The authority to acquire land in connection with these projects is contained in section 5.

The Emergency Relief Appropriation Act of 1935 expired on June 30, 1937. Congress has provided for the continuation of the land-utilization program, however, under title III of the Bankhead-Jones Farm Tenant Act. Title III was drafted upon the basis of the experience gained during the operation of the land-utilization program during the preceding 4 years, and contains the first complete statement of the purposes of the program. The Secretary is there directed to develop a program of land conservation and land utilization designed to correct maladjustments in land use, and thus assist in controlling soil erosion, reforestation, preserving natural resources, mitigating floods, preventing the impairment of dams and reservoirs, preserving surface and subsurface moisture, protecting the watersheds of navigable streams, and protecting the public lands, health, safety, and welfare. This program is based upon the retirement of lands which are submarginal or not primarily suitable for cultivation. In order to effectuate this program, section 32 of title III authorizes the Secretary to acquire "submarginal land and land not primarily suitable for cultivation," to take whatever measures are necessary to protect, improve, and adapt the land acquired to its most beneficial use, and then to arrange for its transfer to some Federal, State, or Territorial agency for administration under conditions of use which will best serve the purposes of a land-conservation and land-utilization program.

The land-utilization program initiated under the National Industrial Recovery Act was undertaken by the Federal Emergency Relief Administration with funds allocated through the Public Works Administration. It was later transferred by Executive Order No. 7028, dated April 30, 1935, to the Resettlement Administration, which continued and expanded it under the Emergency Relief Appropriation Act of 1935. On December 31, 1936, the entire program was transferred by Executive Order No. 7530, as amended by Executive Order No. 7557, dated February 19, 1937, to the Department of Agriculture for completion and administration.

The authority of the President to transfer land acquired under title II of the National Industrial Recovery Act from one Federal agency to another was contained in section 203 (a), which authorized him to undertake a public-works program through any agency he might designate or create, in section 201 (a), which authorized him to delegate any of his functions or powers under that title to such officers or employees as he might designate or appoint, and in section 201 (d), which directed the transfer, to such departments of the Government as the President might designate, of the remaining functions of those emergency agencies which ceased to exist upon the expiration of the act.

The authority of the President to transfer land acquired under the Emergency Relief Appropriation Act of 1935 was contained in section 3 (b), which authorized him to utilize such Federal officers and employees as might be necessary in connection with the work-relief program authorized by that act, and in section 4, which authorized him to establish and prescribe the duties and functions of necessary agencies within the Government.

Parenthetically, it should be noted that section 45 of title IV of the Bankhead-Jones Farm Tenant Act authorizes the President to transfer to the Secretary of Agriculture lands already under the supervision of the Secretary of Agriculture which the President finds suitable for the purposes of the act. Pursuant to this provision, the Secretary has recommended to the President the transfer of lands acquired in connection with the land utilization program under the Recovery and Relief Acts for administration under the provisions of title III of the act. Upon the issuance of this Executive order, the "old" and the "new" land utilization programs can be consolidated into a single effective program, all of it to be operated under the provisions of title III of the Bankhead-Jones Farm Tenant Act. As has already been indicated, section 32 of that act specifically provides for the transfer of lands acquired to Federal, State, or Territorial agencies for administration.

The present authority of the Secretary of Agriculture with reference to the lands transferred to him from the Resettlement Administration is contained in Executive Order No. 7557, dated February 19, 1937, which directs him to administer the program and to exercise, for that purpose, all of the powers previously given to the Resettlement Administration. The Secretary must, of necessity, administer the program through the bureaus and agencies within the Department of Agriculture. Inasmuch as responsibility for the administration of the program has been entrusted directly to him, he may exercise his responsibility through any of these bureaus.

It should be repeated that the problems of administration do not arise until the program has reached its third stage. Plans must first be prepared for the retirement of lands which are submarginal or not primarily suitable for cultivation, in order to correct serious maladjustments in land use. After the lands have been acquired, steps must be taken to protect them from the abuses previously practiced and to prepare them for their most beneficial use under the land conservation program. As has been stated, some of the land, once it has been retired from cultivation, may be peculiarly adapted for recreational use. Other lands may be suitable for grazing purposes, under proper restrictions to prevent overgrazing and the abuses which usually follow. Still other lands may best be utilized for timber conservation or wildlife conservation. Effective and efficient administration of a program of this nature makes it imperative that the Secretary of Agriculture utilize those bureaus within the Department which are particularly qualified, both because of experience and existence of a regional organization, to administer various parts of the program. The program is planned, however, not for the purpose of transferring lands to a particular agency, but for the purpose of correcting serious abuses in land use. The selection of an administering agency does not require serious consideration until those abuses have been at least partially corrected.

The authority to incorporate within an existing national forest land acquired in connection with the land utilization program is an entirely separate and distinct problem. Unless lands transferred to the Forest Service for administration are so incorporated, they will be administered under the statutes, rules, and regulations which are applicable to the land utilization program. After the land utilization program has been transferred by the President for administration under the provisions of title III of the Bankhead-Jones Farm Tenant Act, it will, as a practical matter, be unimportant whether lands administered by the Forest Service are incorporated within a national forest, because the provisions of title III will permit the administration of such lands to be coordinated effectively with the administration of the national forests.

At the present time lands acquired in connection with the land-utilization program can, with the exceptions stated below, be incorporated within a national forest by proclamation of the President. This authority is contained in section 24 of the act of March 3, 1891 (26 Stat. 1095), which provides that—

"The President of the United States may, from time to time, set apart and reserve, in any State or Territory having public land bearing forests, in any part of the public lands wholly or in part covered with timber or undergrowth, whether of commercial value or not, as public reservation, and the President shall, by public proclamation, declare the establishment of such reservations and the limits thereof."

This power of the President has been qualified, however, by a subsequent act of Congress, providing that in the States of Oregon, Washington, Idaho, Montana, Colorado, Wyoming, California, Arizona, and New Mexico he may neither create new forest reserves nor extend the boundaries of existing national forests. This power is specifically reserved to Congress (16 U. S. C. 471, 471 (a)). Lands acquired in connection with the land-utilization program and subsequently transferred to the Forest Service for administration cannot, therefore, be incorporated within national forests in these nine States except by act of Congress.

Mr. O'MAHONEY. Mr. President, it becomes clear from the language of the amendment and from the statement of the Solicitor of the Department of Agriculture that these lands are not by this amendment added to the national forests, and that it will be the intention of the Department of Agriculture to submit to the appropriate committees of Congress the disposition of these public lands.

Mr. BONE. Mr. President, that is my understanding. I merely desire to add that there is a very clear and very definite fire hazard. It is true that there are approximately half a million acres of this land in my State, but it extends over into Idaho; and I think the junior Senator from Idaho [Mr. POPE] will advise our colleagues that there is a very definite fire hazard there. In other words, it is just like leaving a great mass of combustible material lying around among buildings which have protection but which would be threatened by the existence of the material.

Mr. ADAMS. Mr. President, I desire to call attention to what seem to me to be two or three errors as to the facts, one of which I regret, that is, the Senator has commented upon this land which has been repurchased as all being available for forest growth. Unfortunately, a great deal of it is not fit for forest growth. A great deal of it is merely very poor grazing land.

Mr. BONE. I think the Senator is correct in that regard. It was to get people off that land that it was bought.

Mr. ADAMS. When forest land is cleared, it is better agricultural land. As to the fire hazard, the Senator will find on page 47 of the bill that two and a half million dollars is made available for forest fire fighting, and on page 44 a hundred thousand dollars is made available for fighting

forest fires. In other words, the fighting of forest fires does not depend upon the item under discussion.

Mr. BONE. I understand. However, that refers to national forests, and, as the Senator from Wyoming [Mr. O'MAHONEY] pointed out, the land we are discussing is not incorporated or integrated into a national forest. This relates to tracts of land which stand out by themselves, which really have no identity. I understand they are not national forests. I doubt if under the law the authorities could use this money for fighting fires.

Mr. RUSSELL. Mr. President, will the Senator from Colorado yield?

Mr. ADAMS. I yield.

Mr. RUSSELL. Since the Senator from Wyoming has agreed to the amendment, I have no objection to it. I do desire to point out, however, that the hazard is not as great as the Senator from Washington seems to apprehend, because the bill carries an appropriation of $2,000,000 to be used by the Resettlement Administration in administering the lands under their jurisdiction, and, of course, if these funds are not available the Resettlement Administration is not going to allow the forests to burn up.

Mr. O'MAHONEY. The Senator does not mean the Resettlement Administration.

Mr. RUSSELL. Two million dollars are carried in the bill for the Farm Security Administration to administer lands which were acquired by the Resettlement Administration.

Mr. O'MAHONEY. These particular lands were transferred by Executive order from the Farm Security Administration to the Forest Service for administration.

Mr. RUSSELL. I understood the Senator from Wyoming to say that these lands could not be transferred.

Mr. O'MAHONEY. No; I did not say that. The observation of the Senator from Georgia illustrates admirably the distinction without a difference which has been raised in the memorandum of the Solicitor which I have just inserted in the RECORD. The law provides that the boundaries of a national forest shall not be increased in several States without specific act of Congress. The Solicitor tells us we are not enlarging the forests; these lands are not to be placed in the forests; they are to be placed under the jurisdiction of the Forest Service for administration, which, as I have said, is a distinction without a difference.

Mr. RUSSELL. If there is any substantial difference between these several million acres of land being administered by the Forest Service and their administering those to which they hold title, I am unable to see it. There might be some legal fiction that they do not have the actual title to the land, but certainly there is no difference in the method of administration.

Mr. O'MAHONEY. That is exactly the fact; it is wholly a legal fiction, so that although the law now prescribes definitely that the national forests shall not be increased without specific act of Congress, the national forest in the State of Washington to all intents and purposes was increased by Executive order, and by this amendment.

Mr. ADAMS. Mr. President, if I may be permitted to say a word further, there is one other item I desire to mention. I understood the Senator from Washington to have the idea that the reduction in the appropriation which appears on page 44 was made because of the committee amendment. As I read the situation, $11,504,000 are left for all of these purposes. In other words, over eleven and a half million dollars are available not only for the maintenance and improvement and administration, but also for the protection of the national forests, and I should think protection of the national forests would include eliminating fire hazards.

In addition, I believe that the particular lands which are referred to as those having been transferred would not be denied money for their administration by reason of this reduction. If, as a matter of fact, those lands are within the jurisdiction of the Forest Service, they would be covered by the eleven and a half million dollar appropriation still left in the bill.

Mr. BONE. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BONE. I wish to say to the Senator that it is my understanding that this matter was canvassed in the House of Representatives and this item was inserted in the bill because of the contemplation that we have had here of the problem. There was a feeling that, unless this specific provision were in the bill, the very peculiar character of these lands, their present peculiar status, being like Mahomet's coffin, floating in space, not belonging particularly to any group or any department, but being administered by the Forest Service, left them in a very peculiar position in the parliamentary picture which confronts us.

That is why this item was inserted deliberately in the House. I would be happy and content if the Senator's view should be adopted. Even then I do not know whether or not there would be sufficient money for the purpose. But my brethren in the House tell me that unless this provision is inserted in the bill these lands will simply be orphan children to be kicked out in the cold. Sixty-five thousand dollars is the amount of reduction provided by the committee amendment.

Mr. POPE. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. POPE. I do not understand the reason for the Senator's statement that the $11,000,000 which are now in the bill would be used for these lands that are transferred from the Resettlement Administration to the Forest Service, when the language making such provision is stricken out at the top of page 44 in the third, fourth, and fifth lines. It was the intention of the House to include those lands, but the committee has stricken that provision out of the measure. It seems to me the only interpretation that can be made of the language is that made by the Senator from Washington, who says that those lands are out; that they have no protection; that although administered by the Forest Service they are not protected.

Mr. ADAMS. Mr. President, it depends upon the classification that is made of the lands. Of course, I had assumed that when lands were turned over for administration by the Forest Service they became part of the national forests. This paragraph deals with national-forest protection and national-forest management. That is the whole purpose of the paragraph. If we are to have national forests which are something entirely separate and apart from lands which are being administered by the Forest Service, that is another matter.

Mr. POPE. That is just the point. On page 43, line 20, will be found this language:

> All expenses necessary for the use, maintenance, improvement, protection, and general administration of the national forests.

Mr. BONE. These are not national forests.

Mr. POPE. They are not national forests; they are merely administered as national forests. Therefore the additional language is necessary if the purpose is to protect those additional lands. I think it was a mistake to strike out that language.

Mr. ADAMS. May I ask the Senator from Idaho, if they are not a part of the national forests, are they subject then to the ordinary land laws as to locating, homesteading, and mineral entries?

Mr. POPE. I do not know as to that. I shall have to look that up. But a transfer of these lands to the Forest Service for administration or for care would not make them a part of the national forests, and if the appropriation is made to the Forest Service, for the purpose of protecting the forests, without additional language, I feel quite sure that the lands under discussion would not be included.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. O'MAHONEY. I think the Senator from Idaho has correctly stated the situation, but the Senator from Colorado is also correct when he says that to all intents and purposes

these lands, since they are to be administered by the Forest Service, are a part of the national forests.

The item begins on page 42, and provides, as the Senate committee reported it, an appropriation of $11,504,754 for national-forest protection and management. That refers to lands which are actually within the national forests.

Mr. POPE. That is correct.

Mr. O'MAHONEY. In order to enable the Forest Service to grant the same sort of protection and management to the lands, which were acquired by purchase under the emergency act, the House provided the language which is to be found on page 44, and increased the appropriation by about $60,000.

Mr. ADAMS. The enlargement of the forest areas by that means is, in effect, an evasion of the statute for the protection of States such as Colorado and Wyoming.

Mr. O'MAHONEY. That is correct. But the statement from the Solicitor General, which I incorporated in the RECORD, indicates a recognition of this difference upon the part of the Department of Agriculture, and the testimony which was presented to the committee also indicates a purpose upon the part of the Forest Service and of the Department of Agriculture to submit the whole question to a determination by Congress in the near future. I assume that it will be done at the next session of Congress.

It may be worth pointing out at this time that the submarginal purchase program has resulted in the acquisition by the Federal Government of large areas of land which are now in effect public lands. That program presents a problem of administration. In the State of Wyoming, for example, as a result of the submarginal purchase program, we have, under the Farm Security Administration, a new grazing service which is added to the grazing service under the Office of Indian Affairs, the grazing service under the Forest Service, and the grazing service under the Department of the Interior by virtue of the Taylor Act. I am sure that the present discussion of this amendment will result in the submission to Congress at the next session of the consideration of the question as to how all these lands so acquired shall be handled. So with that understanding expressed by the officials of the Department of the Interior, I have personally no objection to the amendment offered by the Senator from Washington.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 44.

The amendment was rejected.

Mr. O'MAHONEY. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as part of this discussion the statement of L. F. Kneipp, Assistant Chief, Acquisition Division, appearing in the hearings before the subcommittee of the Committee on Appropriations of the Senate on the agricultural appropriation bill for 1939, beginning on page 233 and ending on page 239.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

STATEMENT OF L. F. KNEIPP, ASSISTANT CHIEF, ACQUISITION DIVISION

Senator HAYDEN. You do not try to take land that you do not want for Forest Service purposes?

Mr. KNEIPP. No.

Senator HAYDEN. How are these areas treated?

Mr. KNEIPP. It may be interesting to recall that in nine of the Western States, by act of Congress, additions to the national forests are prohibited——

Senator O'MAHONEY. Without the consent of Congress.

Mr. KNEIPP. Except by action of Congress.

There have been some purchases made in such Western States by the Resettlement Administration, and in those cases the transfers are merely administrative transfers to cover responsibility for administration by the Secretary of Agriculture, with the understanding, of course, that they shall become effective additions to the national forests only if Congress ratifies them.

Senator O'MAHONEY. That, of course, is one of the things that I have in mind. I want to know to what extent lands purchased for submarginal purposes in these Western States, in which additions to the national forest cannot be made except by act of Congress, have been transferred to the Forest Service for administration; what portion of the areas that have been purchased.

Mr. KNEIPP. In about six cases, Senator; one case is in the northeastern section of Washington; another is within and adjacent to the Suislaw Reserve in Oregon; another one is in Colorado, within or near the Pike National Forest. One is adjacent to the Carson National Forest, in extreme northern New Mexico. There are two pending in Utah and one in southern Idaho that have not yet been approved.

Senator O'MAHONEY. You mentioned New Mexico. You recall Senator Hatch introduced a bill which I think is still pending before the Public Lands Committee, which would prevent the Federal Government or any agency thereof purchasing land in any State without the consent of the State legislature.

Mr. KNEIPP. That is true.

Senator O'MAHONEY. I want it clearly understood that there is no hostility implied in my questions toward Forest Service administration of these lands. I think it quite likely the Forest Service can administer them to the very best advantage, but I think it well to develop all the facts.

Mr. KNEIPP. In that connection, Senator, at the present time no lands can be purchased under the Weeks law, the act of March 1, 1911, until the State, by legislative action, has given its consent.

Senator O'MAHONEY. But now to all intents and purposes, I take it, the effect of the transfer of these resettlement purchases at this time of this area, which has been transferred to the Forest Service, is actually an addition to the national forests in those States for administration purposes.

Mr. KNEIPP. That would be true. I was going to say, Senator, that in order to facilitate Federal acquisition of forest lands under the Weeks law the States of California, Oregon, Washington, Montana, and Idaho have each passed such acts of consent to Federal acquisition of forest lands. New Mexico has passed a similar act, limited, however, to a maximum area of 500,000 acres, as I recall. All of the purchases made by resettlement and now transferred to the Forest Service lawfully could have been made under the Weeks law, since the States involved previously had granted their consent.

Senator O'MAHONEY. Now, Mr. Chairman, I suggest that the Forest Service take the opportunity to prepare for presentation later on, either by memorandum or otherwise, a full statement with regard to these lands. (See p. 238.)

Senator RUSSELL. I am sure that Mr. Silcox or Mr. Kneipp can do that.

Senator SMITH. I would like to know for my own information what real practical difference there is in the administration of lands acquired by the Forest Service and the lands transferred to it for administration purposes from the Resettlement Administration.

Senator O'MAHONEY. There is not really any difference, I suppose.

Mr. KNEIPP. May I just add a word there?

Senator O'MAHONEY. Yes.

Mr. KNEIPP. As to the difference: In the States in which the power of the President, under the act of March 3, 1891, to create national forests has not been abridged, the President can give Federal lands a national-forest status by Executive order, which provides that the lands transferred for this purpose shall thereafter be subject to the laws and regulations governing the national forest.

But in the nine States in which the President's power is abridged that cannot be done. So that in those nine Western States the transfer is made simply by administrative order of the Secretary of Agriculture to economically protect and manage the lands. In these cases the transferred lands are not administered under the laws, rules, and regulations applicable to the national forest, but under the laws applicable to the Resettlement Administration—or now Farm Security Administration—products.

Senator HAYDEN. Would it not be the wise thing to do in these States that have given their consent to submit the matter to Congress for its consent in making the transfer to the national forest?

Mr. KNEIPP. That is what is being planned; that is, in these restricted States, each area will be brought to the attention of Congress with a recommendation that Congress make them parts of the national forests.

Senator O'MAHONEY. These transfers have been made by Executive order?

Mr. KNEIPP. Yes.

Senator O'MAHONEY. So whatever authority the Secretary of Agriculture had to transfer the lands to the Forest Service was authority derived from Executive order.

Mr. KNEIPP. Yes.

Senator O'MAHONEY. The Resettlement Administration was created by Executive order under the National Industrial Recovery Act, which was an emergency act for the purpose of recovery, so that we now have what amounts to permanent transfers to the National Forest Service, of areas which were purchased by the Federal Government for the purpose of retiring submarginal lands from agricultural uses.

Mr. KNEIPP. That is true. The areas purchased first began with the old submarginal land work of the Department of the Interior under the act of March 31, 1933. The Resettlement Administration came into existence on the passage of the act of April 8, 1935.

Both of those acts authorized the President to buy lands, and to subsequently lease, grant, sell, or assign them by transfers, and the transfers have been made under that authority.

Senator O'MAHONEY. Would you be good enough in this statement which you are to prepare to insert the legal authority for the acquisition of the lands that are being transferred? (See page 253.)

Mr. KNEIPP. Yes. As I recall, the President transferred to the Secretary of Agriculture the responsibility and authority with respect to the administration of the Resettlement Administration.

Senator O'MAHONEY. Yes.

Mr. KNEIPP. And that carried with it presumably the delegation of power in that respect. Then in the exercise of that power the Secretary of Agriculture decides that the most effective or economical way to handle certain areas, rather than to continue to operate them separately, would be to place the administration under the Forest Service.

Senator O'MAHONEY. And those transfers have not been submitted to any committee of the Congress for opinion or consideration.

Mr. KNEIPP. Not so far as I am aware. But there has been complete recognition of the statutory provision that in the nine restricted States they could not be effectively transferred until and unless the Congress had ratified or authorized the transfer by legislation.

Senator O'MAHONEY. And has any request, to your knowledge, ever been made to the Congress for ratification of the transfers?

Mr. KNEIPP. Not as yet, Senator, because decisions as to allocations of the remaining resettlement products have been reached only within the past 60 days or so. However, there is in the Department of Agriculture a liaison board composed of the heads of the various bureaus dealing with this.

Senator O'MAHONEY. The House has made an increase in the appropriation available for this purpose.

Mr. KNEIPP. Yes.

Senator O'MAHONEY. So the administration of the lands, which have been transferred to the Forest Service has been transferred without authority of law.

Mr. KNEIPP. I think there has been an assumption there was ample legal authority.

Senator O'MAHONEY. Or there would be.

Mr. KNEIPP. Or there would be. The idea was that since need existed to administer the 96 products—I think it was 96 products—where purchases had been concluded—a definite pattern for their administration had to be worked out, after which there would be presented to Congress a program of legislation by which that pattern would be given permanency.

Senator HAYDEN. There is an appropriation of money in this bill to buy more lands?

Mr. KNEIPP. Yes. There is an item under the head of "Acquisition of lands for national forests," in the amount of $2,000,000, as passed by the House.

Senator HAYDEN. Is there not also an item in the bill to buy some of this submarginal land?

Mr. KNEIPP. I think that is the section you referred to.

Senator HAYDEN. There is somewhere a provision, somewhere, authorizing the Forest Service to purchase lands in the future.

Mr. KNEIPP. There is the item for carrying out the provisions of the Bankhead-Jones Farm Tenant Act under which the lands purchased may be transferred for administrative purposes to the administrative agency by which they can be most economically administered.

Senator O'MAHONEY. Mr. Chairman, I do not want anyone to think I am opposed to lands being transferred to the Forest Service. I want to say for the record that I have pending, before the Public Lands Committee, a bill extending the boundaries of the national forest in my State. Of course, I am in favor it of under certain circumstances, but I do feel that it is a matter for Congress to decide, and not a matter for the Bureau to decide.

Senator RUSSELL. Of course the authority to purchase these submarginal lands was given at the time.

Senator O'MAHONEY. The authority was granted to purchase the submarginal lands, but so far as I know, I am aware of no authority granting the administration of these lands to the Forest Service. But I think the statement which Mr. Silcox or Mr. Kneipp will furnish will cover that.

Mr. KNEIPP. I do not know of any language in the bill here this year covering the administraton of lands acquired by resettlement through their transfer to other agencies.

Senator O'MAHONEY. I am sure that the Department of Agriculture will want to submit a recommendation to the Congress with respect to the handling of whatever lands are purchased by the Resettlement Administration or under the authority of the Bankhead-Jones Act, and how certain lands are to be distributed among the various Government agencies.

Mr. KNEIPP. Yes. If the Forest Service could proceed independently of the action in relation to other projects it might already have brought the subject to the attention of Congress. But the question of what should be done has to be considered in relation to all of the lands to be transferred to other administrative agencies.

FARM SECURITY ADMINISTRATION PROJECTS TRANSFERRED OR CONSIDERED FOR TRANSFER TO THE FOREST SERVICE

The projects were for the most part initiated under the policies of the F. E. R. A. and its successors prior to the transfer of responsibility to the Department of Agriculture.

1. Transferred by Presidential proclamation.

(a) Ausable (LA–MI–2) project: 1,978 acres transferred to Huron National Forest on January 17, 1938; balance to Michigan State Department of Conservation.

(b) Drummond (LA–WI–2) project: 4,320 acres transferred to Chequamegon National Forest on January 17, 1938; balance to Wisconsin Conservation Commission.

(c) Lakewood (LA–WI–3) project: 6.670 acres transferred to Chequamegon National Forest on January 17, 1938; balance to Wisconsin Conservation Commission.

(d) Crandon (LA–WI–4) project: 3,828 acres transferred to Chequamegon National Forest on January 17, 1938; balance to Wisconsin Conservation Commission.

(e) Piedmont (LA–GA–3) project: 4,735 acres transferred to Chattahoochee National Forest on December 7, 1937 (Southern Forest Experiment Station); balance to Bureau of Biological Survey, Georgia Experimental Station, under tentative consideration.

2. Transferred by administrative order of the Secretary.

(a) Meremac (LA–MO–3) project: 2,842 acres transferred to Clark Purchase Unit on November 16, 1937.

(b) Northwest Washington (LA–WA–2) project: 515,080 acres gross, 241,282 acres acquired or being acquired, 33,898 State, 41,320 Northern Pacific Railroad to be added to Kaniksu National Forest (by specific legislation), transferred for administration by Forest Service April 28, 1938; 40,000 ± acres to Bureau of Biological Survey for wildlife refuge.

(c) Western Oregon (LA–OR–3) project: 74,762 acres acquired or being acquired, transferred for administration by Siuslaw National Forest January 6, 1938; public domain (23,560 acres) and Oregon and California lands (47,160 acres) not transferred.

(d) Fountain Creek (LA–CO–2) project: 11,613 acres transferred to Pike National Forest November 16, 1937; 80 acres public domain not transferred.

(e) Taos (LA–NM–2) project: 54,964 acres (26,344 acres purchased reliquishments) transferred November 10, 1937, to Forest Service, also 35,807 acres of public domain transferred to Agriculture, 6,600 acres of public domain not transferred, 13,386 acres of State lands.

(f) Gabaldon grant (LA–NM–12) project: 8,000 acres transferred for administration by Carson National Forest November 16, 1937.

3. Approved by land use coordinator; now pending transfer by proclamation:

(a) West Alabama (LA–AL–9) project: 122,860 acres gross, 87,218 acres acquired or being acquired; transfer to Talladega National Forest signed by Secretary April 25, 1938.

(b) Wakulla (LA–FL–2) project: 348,000 acres gross, approximately 260,000 acres acquired or being acquired; also 22,000 acres to Bureau of Biological Survey for wildlife refuge.

(c) Magazine Mountain (LA–AK–1) project: 131,200 acres, 85,254 acres acquired or being acquired and 2,840 acres of public domain to Ouachita National Forest.

(d) Dixon Springs (LA–IL–3) project: 16,000 acres gross, 8,976 acres acquired or being acquired; to be included in proclamation giving Shawnee national-forest status.

(e) Crab Orchard (LA–IL–11) project: 36,280 acres gross, 19,246 acres acquired or being acquired; to be added to Shawnee National Forest when development is substantially completed.

(f) Pine Ridge (site No. 1) (LA–NB–1) project: 116,000 acres gross, 30,000 acres acquired or being acquired; timbered portion to Forest Service.

(g) Widtsoe (LA–UT–2) project: 65,280 acres gross, 26,203 acres acquired or being acquired, and 19,440 acres of public domain; pending decision from Interior determining boundary division between Forest Service and Grazing Division of Interior.

(h) Central Utah (LA–UT–3) project: 39,755 acres acquired or being acquired and 7,520 acres of public domain; pending decision from Interior determining boundary division between Forest Service and Grazing Division of Interior; 3,000 acres to Utah State College for cooperative grazing experiment with Intermountain Forest Experiment Station.

4. Approved by Land Use Coordinator; now pending transfer by administrative order:

(a) Eastern Shore (LA–MD–3) project: 7,950 acres gross, 991 acres acquired or being acquired; administration by Allegheny Forest Experiment Station; balance to Maryland State Department of Forestry.

(b) Pennsylvania Lands (LA–PA–4) project: 5,399 acres gross, 2,388 acres acquired or being acquired; administration by Allegheny Forest Experiment Station; balance to Pennsylvania Department of Forests and Waters.

(c) Surrender Grounds (LA–VA–2) project: 3,000 acres to Appalachian Forest Experiment Station; 960 to National Park Service, balance to Virginia Conservation Commission.

(d) Southern Idaho (LA–ID–1) project: 234,420 acres gross, 130,697 acres acquired or being acquired, 70,400 acres of public domain, 6,960 acres State, and 8,860 acres county; pending division between Forest Service and Grazing Division of Interior.

(e) Weld County (LA–CO–3) project: 13,120 acres gross, 8,440 acres acquired or being acquired; for administration by research; balance to Bureau of Agricultural Economics.

5. Under consideration:

(a) Boston Mountain (LA–AK–6) project: 87,000 acres gross, 32,388 acres acquired or being acquired.

(b) Musselshell (LA–MT–3) project: Indeterminate part.

(c) Sheyenne River (LA–ND–6) project: 122,580 acres gross, 62,701 acres acquired or being acquired. Partially coincides with Sheyenne Purchase Unit established March 7, 1935.

(d) Mills (LA–NM–5) project: Approximately 5,000 acres desired for range research experiments.

(e) Tewa Basin (LI–NM–12) project: Gabaldon grant, 8,000 acres to Forest Service by administrative order November 16, 1937; Lobato grant (S. ½), 11,619 acres; Polvadera grant, 35,761 acres; Ramon Vigil grant, 30,209 acres; Sebastian Martin grant, 45,376 acres; Majada and Caja del Rio, 77,926 acres; Ojo del San Jose, 4,338 acres; awaiting division of Indian and non-Indian use.

Mr. HATCH. Mr. President, is that the point at which the testimony describes the lands involved?

Mr. O'MAHONEY. The testimony includes the description of the land.

Mr. HATCH. In the hearings cited by the Senator from Wyoming it was pointed out also that there is a certain tract of land of the kind in question in the State of New Mexico, as well as in other States, which have been mentioned during this debate. I am particularly interested in the statement made by the Senator from Wyoming that Congress shall probably at the next session be called upon definitely to determine the status and condition of all these lands which have been acquired by the Federal Government. Mr. President, I have serious doubts as to the validity of the acquisition of many of these lands by the Government, even under the authority conferred by the Emergency Act, and it is very difficult to determine what is the real status or condition of these lands. I am very happy to know that the Department recognizes that condition, and I understand the Senator from Wyoming to say that the Congress itself is going to be called upon, probably at the next session, to pass affirmative legislation with respect to all the various tracts of land which have been acquired by various governmental agencies. Am I correct in that understanding?

Mr. O'MAHONEY. I think the Senator's statement is a little more broad than that which I made. I understood from the hearings held by the committee that the Forest Service was perfectly ready and willing to submit to Congress the question of the addition to the national forest of the areas which by Executive order have now been placed under the administration of the Forest Service.

Mr. HATCH. The letter to which the Senator referred relates only to the lands which have been annexed to the Forest Service?

Mr. O'MAHONEY. It recites the authority by which the Department feels that these lands have been acquired.

Mr. HATCH. I am in favor of that proposition and want to see it enlarged to take in other lands that have been acquired by other agencies and departments.

Mr. CONNALLY. Mr. President, I offer an amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 36, line 13, before the period, it is proposed to insert a comma and the following:

of which not to exceed $20,000 shall be available for investigation of methods of precooling in the handling, transportation, and marketing of fruits and vegetables in the Rio Grande Valley of Texas.

Mr. CONNALLY. Mr. President, I hope the Senator from Georgia does not object to this amendment. The Federal Government has a service in Florida and one in California with respect to precooling and marketing of citrus fruits. My amendment provides that some of those funds shall also be used in the same work with reference to the Rio Grande Valley of Texas. It does not increase the appropriation a cent.

Mr. RUSSELL. I want to point out to the Senator from Texas that the bill provides for an experiment station in Texas.

Mr. CONNALLY. That is another item.

Mr. RUSSELL. That is over and above the Budget estimate.

Mr. CONNALLY. That is another item altogether. My amendment does not add a cent to the measure. It simply says that the Secretary shall use some of these funds in carrying on this work in our area as well as in California and in Florida. The other activity is a wholly different matter.

Mr. RUSSELL. We have had no hearings on this matter, but I have no objection to taking the amendment to conference.

Mr. SHEPPARD. Mr. President, I desire to say that I join my colleague [Mr. CONNALLY] in his request.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

If there be no further amendments to be proposed, the question is upon the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. RUSSELL. Mr. President, I ask unanimous consent that the clerks be authorized to correct the totals and renumber the sections of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10066) to amend the District of Columbia Revenue Act of 1937, and for other purposes.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 10291) making appropriations for the fiscal year ending June 30, 1939, for civil functions administered by the War Department, and for other purposes, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SNYDER of Pennsylvania, Mr. DOCKWEILER, Mr. TERRY, Mr. STARNES, Mr. COLLINS, Mr. POWERS, and Mr. ENGEL were appointed managers on the part of the House at the conference.

THE MERCHANT MARINE

Mr. COPELAND. Mr. President, I do not intend to make any reply to the suggestion of the Senator from Missouri until tomorrow. In a moment I shall move that the Senate take a recess until tomorrow. In the meantime I ask unanimous consent that there may be printed in the RECORD at this point the statement I have prepared relating to the bill.

The PRESIDING OFFICER. Without objection, the statement will be printed in the RECORD.

The statement is as follows:

In June 1936 there was passed a law, the Merchant Marine Act, authorizing Government financial aid to American shipping engaged in foreign trade. This act was considered remarkable by Americans because the aid authorized was direct, not indirect. It was an open, aboveboard method of assisting shipping.

Every important maritime nation and a number not so important for decades and even centuries have granted government aid to merchant shipping. The amount and nature of such aids vary widely; indeed, more than 100 types of assistance are known. The outstanding fact is that government aid to shipping is granted by every maritime nation and now at a rate never before equaled.

To offset such foreign aids, American subsidies are authorized by the 1936 act and actually paid, but no countervailing payments have been made to our operators. To that extent, then, the American companies are operating with assistance which falls short of "parity"; and that, if there is to be efficient operation, is essential, as I see it.

These governmental subsidies to foreign ships are not the chief handicap imposed upon American shipping. Of greater import is the necessity for differentials in construction and operation.

The construction-differential is the familiar term used to represent the difference in the cost of building a ship in the United States over and above what a similar ship would cost in a representative foreign shipyard. A foreign shipping company, or an American shipping company the policy of which is to operate under a foreign flag, would naturally build abroad rather than in the United States, where construction costs are approximately double.

Another burden placed on our shipowners is the higher cost of operating. To operate a ship under the American flag is far more expensive than under the flag of any of the principal maritime nations. Wages and subsistence of officers and crews, repairs, and insurance, are some of the operating items in which there is a wide difference between American and foreign costs.

All payments to American shipping under the 1936 act have been to offset these operating differentials. No effort has been made to offset the foreign subsidies.

For many years the United States granted no direct aid to its shipping. "American ingenuity can overcome these handicaps," was the boastful cry, but we got no ships.

The automobile industry has been cited as one which uses protected materials and pays high wages and yet is able to compete in a world market. The comparison is not a valid one. The manufacture of automobiles is based on the technique of mass production. The building and operating of ships are craft industries, and the American shipbuilder and ship operator have not been able to meet the low-wage competition of other nations as have our mass-production industries.

Under our laws, the American shipowner is forced to produce according to the American standard of living. He sells in an international market, which is not only unprotected but one in which his foreign competitors are subsidized.

It will be seen that the cost of constructing a ship in the United States is far greater than the cost of a similar vessel abroad and that the cost of operation under our flag is greater than under the flags of other nations. If it were based on these facts alone, it would seem that shipping in world trade is for us an uneconomic industry and one which we had better not attempt to encourage.

But so far as the United States is concerned, shipping has been defined as "an instrument of national policy, maintained at large cost to serve the needs of commerce and defense."

Merchant vessels are necessary to the national defense for many reasons. Combination passenger and cargo vessels are suitable for conversion into aircraft carriers, or used as auxiliary cruisers. Another type can be used as troop transports, hospital ships, or tenders of various sorts. In the event of any overseas military operation, we must not overlook the importance of the plain, ordinary cargo vessel for carrying supplies to our armed forces.

These cargo ships have another function of primary national importance, one which is too commonly overlooked: The cargo vessel must keep alive our overseas commerce in time of war and this is probably just as important as its strictly military use. If we were attacked by a hostile power, raw materials in enormous quantities must be brought to the United States from foreign sources of supply so that our industries might continue to provide the sinews of war. The needs of our civilian population must also be served; certain imports are necessary to prevent disruption of our domestic economy in wartime. We must also carry on our export trade with the neutral countries so as to be able to pay for the imports and preserve our position in foreign markets. We can be sure to accomplish these essential purposes only if we have our own ships.

Admiral Leahy and Chairman Kennedy stressed our present efficiencies in ships suitable for naval or military use. To meet our needs from a national-defense standpoint, approximately 500 new ships are urgently required within the next 10 years. The total cost of such ships would be $1,250,000,000.

Under the American flag at the present time, there are something over 1,400 seagoing vessels of 2,000 gross tons or more. Approximately 400 of these are engaged in foreign trade. About 800 are in trades protected by our coastwise laws. Three hundred of these 800 ships are tankers. There are also about 200 laid-up vessels. While it might seem that our vessels are numerically sufficient for national defense requirements, it must be recalled that the great majority of them are old and slow. Some do not meet technical requirements with regard to size. Over 1,300 of these vessels will be 20 years old or more by 1942; that means that they will be past their economic life.

The possibility of the United States becoming involved in war is not the sole justification for Government aid to the merchant marine. Such aid can be justified on commercial considerations alone. Domestic flag vessels provide insurance against interruption of commerce. For more than half a century prior to the World War we depended upon foreign-flag vessels to carry the bulk of our overseas cargoes. Several times during that period we were deprived of a considerable part of the foreign-flag vessels which customarily served our trade, and were terribly overcharged for such transportation as we could get. For instance, authorities state that America contributed a sum equivalent to the total cost of the Boer War, in which we were not even a combatant, a sum due to the increased ocean freights paid to foreign ships during the period of that war.

During the World War, when alien vessels were withdrawn from international commerce, our foreign trade was seriously dislocated. Products of our farms and factories lay rotting on wharves and in sheds. The loss to our farmers and merchants is estimated at over a billion dollars.

To meet the necessities of that terrible time we expended three billions more in the hasty construction of a fleet. Most of these vessels were unsuitable for reputable commercial operation. Every ship was obsolete the day it was completed and every one was regarded as fodder for the submarines.

A commercial advantage of such an American merchant marine as we have has been the establishment of regular line services. Before we had any considerable shipping of our own we were handicapped in our overseas trade by indirect transshipment service, insufficient sailings, and inferior vessels. The operation of American lines has made transshipments unnecessary. Foreign lines operating on our foreign trade routes have been forced by American-flag competition to establish direct services and to improve services which formerly were obviously inferior to those enjoyed by rival European exporters.

As an example, let me quote from the commercial journal American Trade, in 1905:

"Our commerce with Brazil and River Plate countries is at the mercy of a shipping combine. Ostensibly four lines are competing in serving the route between New York and Pernambuco southward. In reality, however, the management of these services is centralized in Liverpool, the freights are pooled, and the spoils are divided pro rata.

"At the head of this syndicate stands Lamport & Holt, of Liverpool, a powerful firm owning and managing over a hundred vessels. The ships engaged in the New York-South American service are mostly slow and obsolete, steaming 8 to 10 knots an hour, and yet the rates of freight levied on American cargo are nearly double those charged by the speedy, modern, elegant ships plying between Europe and the east coast of South America. Not a case of kerosene or a bag of coffee can escape paying toll to this freight ring."

The same year President Theodore Roosevelt said in a message to Congress:

"We should have ships of our own and seamen of our own to convey our goods to neutral markets. It cannot but be a source of regret and uneasiness to us that the lines of communication with our sister republics of South America should be chiefly under foreign control. It is not a good thing that American merchants and manufacturers should have to send their goods and letters to South America via Europe if they wish security and dispatch."

The Merchant Marine Act, 1936, superseded that of 1928. It is well known that the Merchant Marine Act, 1928, mostly repealed by the new subsidy law, was intended to cover the differences between the American and foreign costs of building and operating ships, and to offset the subsidies paid by foreign governments to their shipping, and thus place the American merchant marine in a competitive position. Unfortunately, this aid was rendered in the form of payments for carrying the mail. Although mail subventions constituted a well-recognized means of government aid, both here and abroad, these payments, except to students of the problem, appeared excessive in view of the relatively small costs if the mails had been carried on a poundage basis.

Payments under the 1928 act were sufficiently large to cover the differential in construction cost of building in American shipyards as compared with foreign shipyards. But, unfortunately, many of the contracts made contained no provision for new construction and left what must be recognized as a vital matter to the discretion or whim of the ship operators. The failure was largely one of administration.

The Merchant Marine Act of 1936 not only recognizes the differentials but provides for financial aid which is measured in terms of the handicaps as accurately as they can be established. Such a subsidy system may be considered as unique in the history of world shipping methods of assistance. The subsidy systems of foreign nations are designed to create advantages in favor of their shipping. The method set out in the Merchant Marine Act, 1936, is negative in character. It merely seeks to equalize the known and obvious disadvantages which handicap the American merchant marine. It creates for our shipping no competitive advantage whatever. It cannot be open to objection as an uneconomic attempt to secure an unfair share of the world transportation business.

By the passage of the Merchant Marine Act, 1936, we have shifted from our previous policies of indirect subsidy and come out definitely for direct subsidies to our shipping in foreign trade. The reasons for direct equalizing subsidies are easily understood and are not properly subject to criticism by fair-minded persons. This present policy should be pursued vigorously and given a chance to bear fruit. The assurance to our shipping and investing public that we really mean it this time is essential to the preservation of our merchant marine.

The difficulties of drafting into legislation an entirely new subsidy method, such as our 1936 act, are obvious. To inaugurate a system so complex and put it into effect was bound to result in some inconsistencies, omissions, more or less contradictory provisions, and unworkable restrictions. It is not surprising that the 1936 act has been criticized for certain shortcomings. But since much of it deals with matters for which there was no precedent, I feel that all of us who worked so hard on it laid a good foundation upon which can be erected a workable and economical system.

The present act directs the administrative agency, the United States Maritime Commission, to study a great number of shipping problems and to make its recommendations for legislation to the Congress. The Maritime Commission consolidated most of these rather unrelated studies into a complete economic survey of the American merchant marine. This survey is considered in many quarters to be the finest and most trustworthy analysis of our maritime industry ever made. Under the able direction of Chairman Joseph P. Kennedy, now United States Ambassador to Great Britain, the services and advice of the best informed persons in the various phases of the problem who could be secured, were enlisted. There was scarcely a part of the problem that did not receive intelligent investigation and common-sense analysis.

The pending bill, S. 3078, is founded on the recommendations of Chairman Kennedy and the Maritime Commission. Some modifications have been made, but no new matter has been added to the bill by the entire committee which studied it. It has been written wholly in the light of suggestions which came from the Maritime Commission and to a great extent uses its language.

The bill is not intended to solve all the problems of shipping, nor is it presented in the hope that it is a panacea for all the ills of the industry. It is intended to be a response to the request for legislation of the agency entrusted with the administration of our

subsidy law. It is based on that agency's experience in the administration of our hitherto untried subsidy scheme and it is hoped that its enactment will overcome some of the difficulties the Maritime Commission has encountered in trying to build up an American merchant marine. Some of the Commission's recommendations have been omitted from this bill, but when time permits will receive further study by the Commerce Committee.

There are 45 sections in this bill and at least 10 of them are formulated purely for clarification of language in the existing law. Nearly all of the remaining sections are intended to improve the mechanics of administration of the 1936 act and to correct provisions found to be unworkable. I will not attempt a detailed discussion of all of these sections. They have been carefully edited by the committee and I shall be glad to answer any questions.

I should like, however, to devote some time to one or two of the provisions which caused debate and concern in the committee. The first of these is the last part of section 10, page 9, line 18, the so-called build-abroad provision.

This proposal has been much misrepresented. Under its terms private American shipyards will continue to enjoy a monopoly of all naval construction not performed in the navy yards, of all replacements for our coastwise and intercoastal seagoing fleets, not to mention thousands of smaller craft. In addition to all of this protection to American shipbuilders and American labor, subsidized ships for international trade will also be built in the United States when the American cost is not more than twice the foreign cost; we believe our Government can afford to pay as much as 50 percent of the American cost as a construction-differential subsidy in order that the job may be done in the United States. The granting of this subsidy benefits the American shipbuilding industry; the American shipowner is not benefited. As a unit of transportation the ship is no more valuable because it is built in the United States. Its earning power is subject to world competition and is not increased one iota because the ship is constructed here. For international trade a ship is worth its cost in the international tonnage market and no more.

The Maritime Commission suggests that if the ship would cost more than twice as much to build in the United States than abroad, it should be built abroad, but, of course, without construction subsidy from the Government.

As the law stands at present, if the ship would cost more than twice as much in the United States than abroad, the American merchant marine must do without it altogether. Under such circumstances public or private funds could not be expected to invest. Not to have the ships would deprive the United States of vessels needed for national defense and deprive American labor of the job of operating them.

If a ship is built abroad under this section of the bill, no construction differential subsidy will be paid from the Treasury. National-defense features, which include such items as gun mounts and powder magazines, may be required by our Government. If the Government demands them, the Government pays for them. These are not for the shipowner's benefit and are often to his disadvantage. A ship built under this section will be registered under our flag and will be eligible for an operating-differential subsidy.

There is nothing to prevent an American company building its ships abroad if it chooses. But that plan cannot appeal to our citizens. We want the ship registered under our flag so that we can requisition it if we need it for the national defense. We want American seamen employed on the ship, better paid than those on ships of our competitors. We want to give employment to those of our sailors who are unemployed—who are "on the beach," as the phrase goes—and who will not be employed if the ship is built abroad and operated under a foreign flag. We want ship repairs made in the United States rather than in foreign yards.

A ship so built is made eligible for an operating-differential subsidy. The reason for this is clear: Without that operating subsidy, it would be decidedly to the owner's advantage to register the ship abroad and operate it under a foreign flag; with the advantage of an operating subsidy the owner is reimbursed for the higher operating costs under our flag.

I wish to state frankly that I was opposed to this suggestion when it was first made by the Maritime Commission. I believe all the members of the committee were opposed to it. But on studying the situation, on analyzing the bids received by the Maritime Commission for the C–2 vessels, we have learned some surprising things. There is such a wide variation in bids that the high bid on a steam-propelled vessel, for all American yards, was nearly double the lowest bid. There was a variation of nearly 70 percent in the Diesel-ship bids. The bids themselves showed many inexplicable peculiarities, and represented drastic increases over prices recently quoted on other construction.

Furthermore, the bids were found to be entirely out of line with foreign costs. According to the Maritime Commission, the cost of cargo vessels in Great Britain is about two and one-third times the pre-war figure. The bids of the larger American yards on the C–2 ship are about four times those prevailing in the United States in 1913.

Mr. Kennedy wrote to the President that there are several courses open to the Government. He explains why the Commission does not recommend them:

"The Government could pay the prices asked by the larger yards, but a merchant marine built at such prices would collapse of its own weight.

"It could build in navy yards, but these are now needed for naval work. Furthermore, they are organized for naval construction and would find it uneconomical to work on merchant vessels, especially the smaller types.

"Rehabilitation of private facilities and establishment of new yards involve the danger of overexpansion."

In view of all of these considerations, the majority of your committee believe the Maritime Commission suggestion to be the most practical of all proposed solutions, and voted to report it to the Senate.

It should be remembered that the protection granted to American shipyards in bidding on such ships, even though they are for international trade, will be about four times that granted to other American products under the administration of the "Buy American law" of 1933. Our shipyards will continue to enjoy a monopoly on the construction of ships for domestic trade. It is for the Congress to decide whether the present embargo shall continue, or whether some slight influence of international competition on the costs of a relatively small portion of our merchant marine, will be a healthful and a prudent thing.

Another provision which has caused a great deal of commotion in some quarters is section 45, the proposed new title X.

This title provides for the creation of a maritime labor board, to deal with labor relations on board ship and on the water front, and to evolve and submit to the President and Congress a permanent policy for the stabilization of maritime labor relations. The board is not to be a permanent establishment, as the title expires 3 years after enactment.

The chaotic condition of maritime labor relations is described in some detail in the Survey of the Maritime Commission (Labor, p. 43) and in the hearings on the bill. Scarcely a week goes by without newspaper reports of fresh maritime tie-ups, interunion friction, or other avoidable difficulties in some port or other. The business lost to American ships is eagerly welcomed by foreign competitors and much of that commerce will never be recovered.

During the first 10 months of 1937 maritime strikes and lockouts involved over 40,000 seamen. There were 451 maritime labor tie-ups, affecting the traffic of every United States port. Seamen employed on vessels involved lost nearly 1,000,000 man-days of work. This figure does not include work lost by longshoremen or by the many thousands of men and women workers ashore who lost their wages while laid off because of maritime labor troubles.

Regardless of who is at fault, the troubles have been serious. Maritime employers have been slow in entering into collective-bargaining agreements with their employees. The employers attribute this fact to the necessity for clear understanding and meeting of minds upon numerous details. The employees charge the employers with dilatory tactics and bad faith.

There are decided differences of opinion as to what action should be taken to prevent the American merchant marine from encompassing its own ruin. The Maritime Commission, backed by a large section of public opinion, as evidenced by editorials, resolutions, and communications, believe that the principles of the Railway Labor Act, which has been so successful in the railroad and air transportation industries, should be made applicable to the maritime industry, without, however, disturbing the legal jurisdiction of the National Labor Relations Board.

This proposal was opposed, at least for the present, by the Labor Department on the ground that the industry is not yet ripe for such a step. It was objected to by many of the representatives of the maritime unions, most of whom appeared to be under the erroneous impression that the Commission's suggestion involved compulsory arbitration.

The public has a vital interest in the continuous operation of this great public utility. The very existence of our foreign commerce depends upon the uninterrupted operation of our ships. If the lack of experience of our maritime unions, or the prevalence of interunion conflicts imperils this continuous operation, there is all the more reason for now imposing the friendly and mediatory intervention of a public commission to assist in the preservation of peace while any labor difficulties are ironed out.

The reasons urged most strongly against intervention at this time seem to some of us as the strongest and most convincing arguments for immediately protecting the public interest by the service of a disinterested mediatory council. It is vital to labor and the preservation of employment to find a means of preserving the merchant marine, which can only happen if the ships operate. Voluntary mediation is not a weapon aimed at labor. Rather, it is a shield for labor's protection.

From the beginning of its consideration of the maritime labor problem, the Committee on Commerce has had the advice and assistance of the chairman and members of the Committee on Education and Labor. Hearings were held jointly by the two committees. The Committee on Education and Labor, after weeks of study and conferences, worked out the details and language of the title as it appears in this bill.

I wish to emphasize that the success, and probably even the existence, of the American merchant marine depends upon a fair and effective solution of its labor problems. There is no more important task in relation to the industry than that of evolving a permanent policy for its stabilization. A new agency, established on a temporary basis, should have a fair chance of securing the confidence of all parties and of arriving at equitable solu-

tions of labor differences. It should have the hearty cooperation of all concerned.

There are two other provisions which I consider of the utmost importance. They should not be passed over without some discussion.

One is section 11 of the bill.

The Maritime Commission suggests that the down payment to be required of the applicant be 25 percent of the price at which the ship is sold to him, rather than 25 percent of the domestic cost. The construction subsidy which may amount to as much as 50 percent of the domestic cost is paid to the shipbuilder, so that American shipyard workers and producers of material may be employed. It is not reflected in the utility value of the ship produced, for that ship is to be used in foreign trade in competition with equally good vessels built at half the American cost.

The present down-payment requirement results in a handicap to the American shipowner because it is greatly in excess of that required when ships are built abroad. In view of the difficulties of ship financing, it is far more in the Government's interest to require a down payment based on commercial practice, than to require a higher one, a payment which, even if possible to meet, would seriously deplete working capital.

Of the present wording of the section, Mr. Kennedy said at the hearings:

"It is an impracticable thing as well as making it stiffer than you would in any ordinary business.

"The CHAIRMAN. So you feel that this amendment is important?

"Mr. KENNEDY. I think it is very important, and I do not think we are going to get any money to get any ships built unless we put that in."

The balance of this section requires the shipowner to pay the Government interest during the period of construction and corrects a defect in the present law.

Another suggestion of utmost importance is found in section 21 of the bill. This proposed amendment deals with the recapture of shipowner's profits and would change the present 5-year period for determination of recapture to a 10-year period. The history of the shipping industry shows periodical cycles of great prosperity and deep depression. These cycles are rarely completed within a 5-year period. Inasmuch as the recapture provisions are intended only to recover excess profits from companies which are continually profitable, it is felt that gains and losses should be balanced against each other over a period of at least 10 years. Otherwise, profits earned in a prosperous period of a business cycle would be recaptured, leaving insufficient reserves for the succeeding depression period. Ten years is a term quite likely to cover the probable cycle.

The Maritime Commission does not represent to us, nor do I think anyone in the Committee on Commerce believes, that the passage of this bill will give sure guaranty of a successful merchant marine, or prove a panacea for its ills. What the bill will accomplish is to remove or partly remove some of the most vicious of the known obstacles to our success in this vital industry. I urge, as does the Committee on Commerce, that the bill pass.

LONG-AND-SHORT-HAUL CLAUSE OF INTERSTATE COMMERCE ACT

Mr. COPELAND. Mr. President, I ask unanimous consent that there may be printed in the body of the RECORD at this point a resolution passed by the Council of the City of New York in opposition to the so-called Pettengill bill.

The PRESIDING OFFICER. Without objection, the resolution may be printed in the RECORD.

The resolution is as follows:

Resolution requesting the Senate of the United States not to act favorably upon House bill 1668, Senate bill 1356, known as the Pettengill bill, designed to modify section 4 of the Interstate Commerce Act, relative to common carriers (railroad)

Whereas the Pettengill bill, H. R. 1668 and S. 1356 is designed to modify section 4 of the Interstate Commerce Act so as to permit railroads to more easily charge a lesser rate for a greater distance than for a shorter distance; and

Whereas this legislation passed the House of Representatives last year; and

Whereas the majority of the members of the Senate Committee on Interstate Commerce voted favorably on April 27 to report the Pettengill bill; and

Whereas the port of New York owes its supremacy to the fact that it has one of the largest natural harbors, through which flows the shipping of the world, imports and exports, coastwise, intercoastal, and inland waterways commerce; and

Whereas the Pettengill bill if enacted into law will eliminate some 450 steamers engaged in the coastwise and intercoastal trades, most of which vast tonnage operates to and from the port of New York; and

Whereas this legislation will also eliminate and curtail operations of the New York State canal system, which handled last year over 5,000,000 tons from the port of New York; and

Whereas the eliminating of our domestic shipping, if the Pettengill bill is enacted, will have a calamitous effect upon the port of New York and would seriously cripple and ruin many of the industries and facilities that are dependent upon the domestic shipping, including marine suppliers, State, municipal, and private docks, terminals and warehouses, trucking, marine underwriters, banking interests, harbor operations, and so forth; and

Whereas the city of New York has expended hundreds of millions of dollars in the building of docks and terminals and providing other facilities to care for its shipping and commerce, all of which would be adversely affected by the passage of the Pettengill bill; and

Whereas the Pettengill bill, if enacted, will throw out of employment a vast army of men and materially increase the roll of the unemployed in the port of New York; and

Whereas the prosperity and the welfare of the 7,000,000 of people living in the city of New York are dependent in great part on shipping and commerce, which will be jeopardized by the passage of the Pettengill bill: Therefore be it

Resolved, That the Council of the City of New York views with alarm legislation which has for its purpose the killing off of our domestic shipping; and be it further

Resolved, That the clerk of the council be instructed to forward a certified copy of these resolutions to the clerk of the Senate of the United States.

Mr. McKELLAR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McKELLAR. Has the agricultural appropriation bill passed?

The PRESIDING OFFICER. It has.

Mr. ASHURST. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Arizona?

Mr. COPELAND. I yield.

Mr. ASHURST. Did the able Senator from New York present some motion about the Pettengill bill?

Mr. COPELAND. I presented a resolution of the Council of the City of New York, to be printed in the RECORD, in opposition to the Pettengill bill.

Mr. ASHURST. Does the resolution refer to the so-called long-and-short-haul relief provisions of the Interstate Commerce Act?

Mr. COPELAND. It does.

Mr. ASHURST. I am much pleased to hear that the Senator from New York is opposed to the repeal of the long-and-short-haul provisions. I understand that the Senate Committee on Interstate Commerce has ordered a favorable report upon the repeal of the so-called long-and-short-haul provisions of the Interstate Commerce Act. In order that there may be no misapprehension, and in order that Senators may know how to arrange their plans and engagements for the summer, we wish to announce, without making any threats, that the snow will be flying before the so-called Pettengill bill, which proposes to repeal the long-and-short-haul provisions of the Interstate Commerce Act, is passed. I thank the Senator.

Mr. COPELAND. The Senator will be still more pleased to know that for once I shall join him in a long-continued filibuster, if necessary, because I share his feeling about the Pettengill bill; and I shall be with him until the snow flies, if necessary.

POSTALIZATION OF PASSENGER TRANSPORTATION

Mr. COPELAND. Mr. President, I present for submission to the Interstate Commerce Committee a resolution which relates to the plan to postalize passenger transportation. This plan was sponsored for some years by a group headed by John A. Hastings, of New York, and has received wide attention and considerable support in financial, agricultural, and industrial centers throughout the country.

The postalized plan provides for uniformity of passenger-rail rates beyond suburban areas, regardless of the length of travel, within each of nine areas to be established by the Interstate Commerce Commission. It sets up a proposal for Government cooperation during an experimental period of 3 years. Members of both Houses have expressed interest. It is the view of the sponsors that the radically decreased and uniform, distanceless passenger fares will stimulate passenger rail traffic far beyond any other inducement. The sponsors also envision that the value of railroad securities held by insurance companies, banks, and trusts will be adequately safeguarded.

There is pending in the House a bill introduced by Mr. LEMKE setting forth the details of this plan. In presenting this resolution I ask that there be printed with it, in the body of the RECORD, letters from Interstate Commerce Commissioners Eastman and Porter addressed to me, in which they set forth the wisdom of studying the plan.

Let me say, Mr. President, to be perfectly fair about it, that the Association of American Railroads opposes the plan. In order that the opposition may be fairly set forth, I ask that there be printed also a letter from Mr. A. F. Cleveland, vice president of the Association of American Railroads. I ask that the resolution and all the papers be referred to the Interstate Commerce Committee.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 276) was referred to the Committee on Interstate Commerce, as follows:

Whereas the continual decline of revenue traffic and loss of traffic revenue have brought the railroad industry to an alarming and critical financial state, have destroyed its credit, brought severe loss to its equity holders and creditors, and threatened the very existence of the mass transportation facilities provided by railroads, which are indispensable to the normal growth, development, and prosperity of the Nation; and

Whereas the economic reverberations arising out of and flowing from the aforesaid conditions have affected and are still affecting the entire economic structure of the Nation, interfering with and interrupting the free flow of commerce between and among the States, and seriously impairing the stability and safety of insurance companies, banks, and other fiduciary institutions, which are the largest creditors of the railroads; and

Whereas it is essential to the welfare of the people that the railroad industry be immediately relieved by means and methods which will encourage greater use of the rail facilities and produce greater operating revenues, at the same time inducing the greater production and making possible the cheaper distribution of commodities by and through private enterprise; and

Whereas the stimulation of railroad traffic and the enjoyment of adequate revenues therefrom by sound economic processes will obviate the necessity for curtailing the employment of operating labor and for reducing its wages, thus avoiding the lamentable contraction of its purchasing power; and

Whereas there has been introduced into and is now pending before the House a bill embodying a plan to relieve the existing national economic emergency by postalizing transportation rates, to provide for the coordination, equalization, and reduction of transportation fares and charges, for the purpose of inducing the increased use and employment of railroad facilities, and for other purposes in connection therewith; and

Whereas it is vital that the Senate of the Seventy-fifth Congress, third session, be apprised by the Interstate Commerce Commission of the potential administrative practicability and economic desirability and soundness of the plan embodied in said H. R. 9896 and of its possible effects in meeting and solving the purposes set forth in its title: Therefore be it

Resolved, That the Interstate Commerce Commission be, and it is hereby, authorized, empowered, and directed to initiate and to prosecute with all due diligence a complete, thorough, and exhaustive survey, study, analysis, and investigation of the plan to postalize passenger transportation as the same is now or may hereafter be embodied in said H. R. 9896 and in any amendments or supplements thereto, or in any other bill or bills in which the said plan, or any similar plan, may be incorporated; that the said Interstate Commerce Commission hold and conduct, after due public notice, public hearings on the same in the cities of Washington, in the District of Columbia; Miami, Fla.; New York City, N. Y.; Chicago, Ill.; Kansas City, Mo.; New Orleans, La.; Dallas, Tex.; San Francisco, Calif.; Seattle, Wash.; and in such other cities and towns in the United States as in the judgment of the said Commission may be deemed necessary, desirable, or expedient, for the purpose of procuring and ascertaining the judgment and views of citizens of the United States on the said bill and to properly equip itself to advise the Senate of its recommendations thereon; and be it further

Resolved, That the Interstate Commerce Commission shall report to the Senate with all convenient speed, but not later than the 1st day of February 1939, the results of its survey, study, analysis, and investigation, together with a record of all hearings and with such legislative proposals which it recommends.

The letters presented by Mr. COPELAND were referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

INTERSTATE COMMERCE COMMISSION,
Washington, May 6, 1938.

Hon. ROYAL S. COPELAND,
Committee on Commerce, United States Senate.

MY DEAR SENATOR: I have your letter of May 4, 1938, stating that you are preparing for immediate introduction a resolution directing this Commission to make a thorough, complete, and exhaustive study of the plan to postalize passenger transportation rates on American railroads, sponsored by John A. Hastings, of New York. You ask me whether I think this plan is sufficiently meritorious to warrant such a study.

At the time when I occupied the post of Federal Coordinator of Transportation, I considered the plan proposed by Mr. Hastings and, at the request of Senator WHEELER, wrote him a letter about it. A copy of that letter is enclosed herewith. Since that time I understand that Mr. Hastings has made various changes in his plan, but I have not had opportunity to go carefully into those changes. You will note from the letter to Senator WHEELER that I was in considerable doubt in regard to the practicability of the plan, in its then form, but thought that it merited a thorough study, at the direction of Congress, by this Commission. This is still my view. It is certainly a novel plan, and perhaps revolutionary would be the better word; and it is not at all easy to determine what would be the results, although it seems clear that they would be far-reaching in various directions. I do feel, however, that a thorough investigation of its practicability and desirability would serve a useful purpose.

Very sincerely yours,

JOSEPH B. EASTMAN.

INTERSTATE COMMERCE COMMISSION,
Washington, May 4, 1938.

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D. C.

MY DEAR SENATOR COPELAND: I have your favor of the 4th instant, suggesting that you are preparing for introduction a resolution directing the Interstate Commerce Commission to make an exhaustive study of the plan to postalize passenger transportation rates on American railroads.

I have given some consideration to the proposal and feel assured that it is worthy of serious study and earnest consideration, and have no doubt that, should you introduce such a resolution and it be passed, that the Commission will be glad to do all it can in the way of an investigation of the matter.

Yours very truly,

CLAUDE R. PORTER,
Commissioner.

ASSOCIATION OF AMERICAN RAILROADS,
TRAFFIC DEPARTMENT,
Washington, D. C., May 6, 1938.

Postalization of passenger transportation.

Hon. JOHN A. HASTINGS,
1067 Fifth Avenue, New York, N. Y.

DEAR MR. HASTINGS: I have been requested to advise you in behalf of the passenger traffic managers and association chairmen who met with you this week in this office, which body was specially delegated to represent all of the passenger associations and all of the railroads members thereof, that they greatly appreciate the very clear and concise way in which you explained to them your proposals in connection with the rather radical change in the system of making passenger fares.

This special committee fully appreciated that you are not asking them to endorse your plan at this time, but that you only ask that the passenger men, through the Association of American Railroads, should cooperate with you in securing a resolution from the present Congress directing the Interstate Commerce Commission to thoroughly investigate your plan and make a recommendation to Congress in connection therewith.

It is their unanimous view that any such action on the part of the railroads or their association may, at least in some quarters, give the impression that the railroads were conceding that the basis for their fares and the pricing of their passenger transportation was within the jurisdiction of the Commission. It is their opinion that questions involving a proposal such as your plan contemplates constitutes exclusively a matter to be determined by management and that if under those circumstances they asked for a resolution that the Commission should investigate and report on this plan, it would be tantamount to a practical concession that they believe such action would be proper and within the jurisdiction of the Commission.

We all appreciate the large amount of work that you have done in connection with this matter and the earnestness of your belief that what you are suggesting would be of benefit to the railroads, and we congratulate you upon the amount of time and effort that you have expended in developing your thoughts in connection with this plan. However, it is not believed that it would be of advantage to the railroads or that it would be desirable and, therefore, I am compelled, for and on behalf of the committee which heard you, to state that the railroads cannot see their way clear consistently to support before the Congress the suggestion that the subject should be referred to the Interstate Commerce Commission for study and report.

Very truly yours,

A. F. CLEVELAND.

FIVE-YEAR BUILDING PROGRAM FOR UNITED STATES BUREAU OF FISHERIES

Mr. COPELAND. Mr. President, when the Senate considered bills on the calendar on Thursday last, the bill (S.

2857) to provide for a modified 5-year building program for the United States Bureau of Fisheries was passed, but a motion to reconsider was entered by the Senator from Utah [Mr. KING]. It has been found that one or two omissions occur in the text of the bill. I am about to ask unanimous consent that several amendments, which are trifling in their nature, be agreed to by the Senate, and then that the bill remain subject to the motion to reconsider and to be dealt with at the proper time. I ask unanimous consent that the amendments may be considered and acted on at this time.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. COPELAND. I ask unanimous consent for the reconsideration of the vote by which the committee amendment on page 7, line 10, was agreed to.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote is reconsidered.

Mr. COPELAND. On page 7, line 13, after "$40,000", I move to strike out the period and insert a semicolon and "Lyman, Miss., $35,000."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. COPELAND. I ask unanimous consent for the reconsideration of the vote by which the committee amendment on page 8, line 23, was agreed to.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote is reconsidered.

Mr. COPELAND. On page 8, line 24, after the name "Karluk", I move to insert "Lake."

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. COPELAND. I ask unanimous consent for the reconsideration of the vote by which the committee amendment on page 13, line 17, was agreed to.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote is reconsidered.

Mr. COPELAND. On page 13, after line 23, I move to insert the following:

(e) To enable the Bureau of Fisheries to carry out this program, there are hereby authorized, in addition to all other amounts herein authorized, such appropriations as may be necessary from time to time to provide adequate technical, administrative, and clerical personnel in the District of Columbia and elsewhere.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. If there be no further amendment, the bill will remain subject to the motion to reconsider.

THE MERCHANT MARINE

Mr. COPELAND. Mr. President, I move to make the maritime bill the unfinished business.

The PRESIDING OFFICER. Is there objection?

Mr. McKELLAR. Mr. President, the maritime bill is very important. I have not had time to go over it.

On page 17 of the bill I find a remarkable provision which I desire to read:

SEC. 604. If in the case of any particular foreign-trade route the Commission finds, after consultation with the Secretary of State, that the subsidy provided for in this title is in any respect inadequate to offset the effect of governmental aid paid to foreign competitors, it may grant such additional subsidy as it determines to be necessary for that purpose—

I call especial attention to the words—

It may grant such additional subsidy as it determines to be necessary for that purpose: *Provided*, That no such additional subsidy shall be granted except upon an affirmative vote of four of the members of the Commission.

If that language is approved, it means, as I understand, that upon four members of the Commission agreeing to it, the whole Treasury is behind the subsidy. I do not think any such legislation should be passed. So, the Senator having moved to take up the maritime bill, I suggest the absence of a quorum.

Mr. COPELAND. It was not my intention to take up the bill this afternoon.

Mr. McKELLAR. The Senator has made his motion. If he asks unanimous consent, I object. If he urges the motion, then I wish to have a quorum present when the bill is considered.

Mr. COPELAND. Mr. President, let me say to the Senator from Tennessee that the bill is already before the Senate.

Mr. McKELLAR. Oh, no. The Senator asked unanimous consent that the Senate proceed to the consideration of the bill, but I have objected to that; and now the Senator will have to move to make it the unfinished business.

The PRESIDING OFFICER. The bill is not before the Senate.

Mr. McKELLAR. The bill is not before the Senate, and if we undertake to vote on it, I desire to have a quorum present when we do so.

Mr. COPELAND. Mr. President, I think the Senator from Tennessee is under a misapprehension.

It was originally understood that the agricultural appropriation bill should be put over until tomorrow. Then, on the advice of my leader, I brought up the maritime bill. We had already covered a number of pages, reading the bill for committee amendments, when it was found that the agricultural appropriation bill could be finished.

Mr. McKELLAR. I did not know that the maritime bill had already been taken up. If that has been done, I have no recourse. However, if we are to proceed with the consideration of the bill this afternoon, we must have a quorum; and I suggest the absence of a quorum.

Mr. COPELAND. Let me say to the Senator once more that under the advice and at the request of our leader, I was about to move a recess until 12 o'clock tomorrow.

Mr. McKELLAR. I have no objection to that course, because I desire time to look over the bill. We certainly should not proceed with the bill this afternoon.

Mr. COPELAND. I have no such thought.

The PRESIDING OFFICER. Let the Chair state to the Senator from Tennessee that the amendments have been agreed to up to page 24.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CLARK. The maritime bill is not at the present time the unfinished business is it?

The PRESIDING OFFICER. It is not.

Mr. CLARK. It is my understanding that the agricultural appropriation bill was temporarily laid aside, the maritime bill was taken up, and then the agricultural appropriation bill was again taken up on a demand for the regular order.

The PRESIDING OFFICER. That is correct.

Mr. CLARK. The maritime bill was never the unfinished business. Therefore, a motion now is required to make the maritime bill the unfinished business.

Mr. McKELLAR. I must suggest the absence of a quorum and ask the chair to have the roll called.

Mr. COPELAND. I withdraw the motion which I made.

Mr. McKELLAR. Then I withdraw my suggestion of the absence of a quorum.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. ELLENDER in the chair), as in executive session, laid before the Senate a message from the President of the United States submitting the nomination of Joseph E. Davies, of the District of Columbia, now Ambassador Extraordinary and Plenipotentiary to the Union of Soviet Socialist Republics, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Belgium; also Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Luxemburg, vice Hugh S. Gibson, which was referred to the Committee of Foreign Relations.

(For nomination this day received, see the end of Senate proceedings.)

RECESS

Mr. COPELAND. Mr. President, if there is no further business to be transacted, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 3 o'clock p. m.) the Senate took a recess until tomorrow, Tuesday, May 10, 1938, at 12 o'clock meridian.

NOMINATION

Executive nomination received May 9 (legislative day of April 20), 1938

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Joseph E. Davies, of the District of Columbia, now Ambassador Extraordinary and Plenipotentiary to the Union of Soviet Socialist Republics, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Belgium; also Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Luxemburg, vice Hugh S. Gibson.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 9, 1938

The House met at 12 o'clock noon.

Rev. Michael J. Ryan, assistant pastor of St. Rose of Lima Church, Maywood, Calif., offered the following prayer:

Come, Holy Spirit, to replenish the hearts of Thy faithful and enkindle in them the fire of Thy divine love. Send forth Thy spirit and they shall be created and Thou shalt renew the face of the earth. O God, who by the illumination of the Holy Ghost didst instruct the hearts of Thy faithful, grant by the same Holy Spirit that we may have a right understanding in all things and always rejoice in His consolation, through Christ our Lord.

Our Father, which are in heaven, hallowed be Thy name. Thy kingdom come, Thy will be done, in earth as it is in heaven. Give us this day our daily bread and forgive us our trespasses as we forgive those who trespass against us; and lead us not into temptation, but deliver us from evil. Amen.

Seat of Wisdom, pray for us.

The Journal of the proceedings of Saturday, May 7, 1938, was read and approved.

CIVIL FUNCTIONS OF WAR DEPARTMENT APPROPRIATION BILL, 1939

Mr. SNYDER of Pennsylvania. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 10291) making appropriations for the fiscal year ending June 30, 1939, for civil functions administered by the War Department, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Chair appointed the following conferees: Mr. SNYDER of Pennsylvania, Mr. DOCKWEILER, Mr. TERRY, Mr. STARNES, Mr. COLLINS, Mr. POWERS, and Mr. ENGEL.

PERMISSION TO ADDRESS THE HOUSE

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COCHRAN. Mr. Speaker, April 19 the gentleman from Michigan [Mr. SHAFER] submitted a resolution calling upon various Government agencies to submit to Congress immediately a statement showing any and all supplies and goods of every character purchased within the last 5 years from producers in any country other than the United States for the use of the Civilian Conservation Corps.

No fault should be found with the gentleman from Michigan for offering the resolution as a responsible organization, the Chicago Live Stock Exchange, in convention, adopted resolutions charging this had been done.

A few days following the introduction of this resolution I placed in the RECORD letters from the various Government agencies, directly or indirectly, connected with the Civilian Conservation Corps denying such purchases were made.

By direction of the Committee on Expenditures I called upon the Chicago Live Stock Exchange for advice concerning the source of the information that resulted in the adoption of the resolution by that organization. This morning I have the reply and I ask unanimous consent to place the letter in the RECORD for the information of the Members of the House and the country.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. RICH. Mr. Speaker, reserving the right to object, may I ask the gentleman if those letters will contain the amount of farm produce imported into this country and the amount of manufactured articles which come into this country in competition with American labor, American manufacturers, and American farmers?

Mr. COCHRAN. The gentleman well knows that question is not involved at all. The question involved is whether or not the Government of the United States has purchased food from foreign countries for the Civilian Conservation Corps. That is the only question at issue.

Mr. RICH. I am not going to object to anything like that, but I think it would be a good thing if you would let the people of this country know how much farm products are being imported into this country.

Mr. COCHRAN. I suggest to the gentleman from Pennsylvania that he put that in the RECORD if he desires it to be published.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The letters referred to follow:

THE CHICAGO LIVE STOCK EXCHANGE,
TRANSPORTATION DEPARTMENT,
Chicago, May 7, 1938.

Mr. JOHN J. COCHRAN,
Chairman, Committee on Expenditures in the Executive Departments, Washington, D. C.

DEAR SIR: In response to your inquiry of May 4 regarding House Resolution No. 466, am enclosing a copy of a letter forwarded by the Chicago Live Stock Exchange to Mr. Wheeler McMillen, editor of the Country Home magazine.

Am also enclosing a copy of his response and our letter seeking further information.

This correspondence is self-explanatory, and it would seem entirely proper for you to have this matter handled for early conclusion with the Country Home magazine, and we will greatly appreciate advice as to the result of your contacts with them.

Yours very truly,

H. R. PARK.

APRIL 21, 1938.

Mr. WHEELER MCMILLEN,
Editorial Director, the Country Home Magazine, 250 Park Avenue, New York, N. Y.

DEAR SIR: The editorial page of the April 19, 1938, Country Home states that—

"One of our friends was particularly interested lately in a certain cargo that had just been unloaded at the harbor of New York City—piles of cases each labeled 'Packed Especially for C. C. C. Camps, Ogden, Utah.' Inside the cases was beef; the place of origin was Argentina."

Am enclosing a copy of a news item in the Chicago Tribune of April 19.

It seems as though there is some doubt as to whether there has been any imported meat purchased by the Government for their C. C. C. camps or any other agency or activities of the Government.

If you will be so good as to advise details, giving, if possible, the name of the person in question, the date, the name of the steamer, and, if possible, the quantity, and any other information that would be helpful by telegraph, collect, or, if more convenient, by air mail, your kindness will be greatly appreciated.

Yours truly,

H. R. PARK.

OMAHA, NEBR., *April 24, 1937.*

Mr. H. R. PARK,
Traffic Manager, Chicago Live Stock Exchange, Chicago, Ill.

DEAR MR. PARK: Since the publication of the editorial quoted in yours of April 21 flat denials have been issued from the Department of Agriculture and from the War Department. In the face of these denials I have no alternative for the time being than to stand corrected.

However, I have checked back with my original informant, who stands pat on his assertions. Other correspondence indicates that the beef has been seen in C. C. C. camps. Naturally I am investigating the matter from all angles and shall be glad to place in your hands any information which may come to me.

Frankly, I hope it may be developed that the denials are accurate, for certainly we have been importing ample quantities of meat without additional quantities coming in for Government use.

Very cordially yours,

WHEELER MCMILLEN.

APRIL 27, 1938.

Mr. WHEELER MCMILLEN,
Editorial Director, the Country Home Magazine,
Care Hotel Fontenelle, Omaha, Nebr.

MY DEAR MR. MCMILLEN: This will acknowledge receipt of your favor of April 24 responding to mine of April 21 regarding Government purchases of imported meats.

In my letter to you of April 21 I asked you to be so good as to advise the name of the person giving you the information, also the date, name of the steamer, and, if possible, the quantity, etc. The pier number in New York also would be helpful.

We have started a great deal of agitation in Washington and elsewhere, and this action on our part was made in good faith, relying upon the authenticity of the information contained in your highly valued paper.

In view of this we trust you will furnish us very promptly the desired information greatly obliging.

Yours very truly,

H. R. PARK.

WARNING ALL FARMERS!—WATCH OUT FOR THE STAND-PAT PROPAGANDISTS—DON'T LET THEM FOOL YOU! MAKE THEM STICK TO THE FACTS

Mr. FLETCHER. Mr. Speaker, I ask unanimous consent to address the House very briefly.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. FLETCHER. Mr. Speaker, at the beginning of this speech, it is only fair that I should pay a deserved tribute to the many statesman-minded Republicans who have demonstrated that they have the character and the courage to put the welfare of the country above political partisanism and come out wholeheartedly in loyal support of our foreign trade agreements program about which propagandists and partisan enemies of this administration are spreading so much malicious and false propaganda.

OUTSTANDING REPUBLICANS SUPPORTING OUR PROGRAM

It is gratifying to know that so many of the outstanding Republican leaders of the country are today among the strongest advocates of our foreign trade agreements program begun in the spring of 1934 and which is now operating so successfully to the benefit of our farmers.

Honorable Henry L. Stimson, formerly Republican Secretary of State in the Hoover administration, in addition to approving the objectives of the Roosevelt administration's foreign trade agreements program, endorsed the measure itself and urged that it be enacted into law.

A distinguished Republican Senator, one of the most prominent and influential among the Republican leaders of our time, has made a strong appeal for Republican support of this administration's foreign trade agreements program.

APPROVED BY REPUBLICAN CANDIDATE FOR VICE PRESIDENT

You are familiar with the strong arguments in favor of our foreign trade agreements made by the Honorable Frank Knox, Republican candidate for Vice President. Mr. Knox in his eloquent appeal to his fellow Republicans to put common sense and patriotism above partisanism in considering the many advantages of the Roosevelt administration's foreign-trade agreements has won national recognition for his courageous and statesmanlike leadership in behalf of this constructive program.

DO NOT LET THE CRITICS FOOL YOU, MR. FARMER

It is perhaps well to remind ourselves of the state of affairs that gave birth to this program which now is being so grossly misrepresented by self-appointed critics and by hopelessly reactionary politicians who find themselves slipping and out of step with their better-informed party leaders.

Do you remember how the economic depression had settled over the world like a blight in and following 1929 and do you remember how commodity prices the world over had slumped?

The buying power of important nations had dwindled sharply.

Each country was making frantic efforts to maintain its home market for its own producers.

HIGH HURDLES BLOCKED COMMERCE

The upshot was that a barricade of tariffs and trade restrictions of all kinds was raised throughout the world.

International commerce encountered hurdles which all but stopped it.

In terms of volume, world trade in 1933 had been reduced to about 70 percent of its 1929 level.

In terms of value, however, it amounted to but 35 percent of its 1929 level. The value of our own foreign trade declined from 9.5 billion dollars in 1929 to 2.3 billion in 1933, a decline of approximately three-fourths.

TANGLE OF TRADE BARRIERS

In previous great depressions the volume of international trade had not fallen off in such fashion as this, because when prices fall ordinarily the volume of trade is stepped up somewhat to take up the slack.

In the 1929–33 crisis, however, the tangle of trade barriers which had been erected across the channels of commerce actually had throttled no small part of the physical movement of commodities.

WORLD WENT TARIFF MAD

Our own Smoot-Hawley Tariff Act of 1930 had been one of the contributions to this structure of high world tariffs.

It was conceived as a barrier behind which our producers might enjoy more exclusively the American market, and it certainly did have the effect of helping to dry up the flow of foreign imports which, in the last analysis, represents the chief means of payment by which we can maintain an export trade.

The world went tariff mad, and we played our part in the drama quite efficiently.

A TWO-WAY BUSINESS

When the stagnation and depression, with resulting unemployment bore home its full force in this country, it was realized that something had to be done about this matter of trade barriers.

Trade is a two-way business.

In the long run, we cannot sell goods to the world unless we buy something from the world.

It was realized that the lost foreign markets for certain of our farm products, notably wheat, cotton, pork products, tobacco, and fruit, accounted for a part of the very serious situation existing in respect to those products.

If a step could be taken cutting directly through the artificial barriers that had commerce stalled, it would conceivably have a most beneficial effect for producers of certain of these great staples.

AGREEMENTS WITH MANY COUNTRIES

It was in this general set of circumstances that the trade-agreements program was conceived and begun.

It was a genuinely heroic attempt to meet an emergency situation with a forthright, but carefully executed, plan.

I have no hesitation in saying that the accomplishment of these agreements with many of our important customers has been an economic and political achievement of the first rank.

It has been carried through down to date without international friction and with credit to this country in every instance.

Up to this time these agreements have been negotiated with 17 countries which account for nearly 40 percent of our total foreign trade.

It is said now by some of our critics that the trade agreements have been harmful to agriculture.

It is said that they have brought in a lot of imports which compete with the products of American farmers. Now what are the facts?

WHAT THE FACTS SHOW

The fact is that the situation since 1933 has included just enough unusual circumstances that it is easy to make a superficial criticism of this kind. It is unfair for these critics to deceive and mislead the farmers.

It is indeed much easier to do that however, than it is actually to get down to the events themselves and examine the facts as they exist.

The facts really are very simple and very easily explained, but they can be twisted and misrepresented by selfish politicians so as to make a plausible criticism of the trade program.

It is true that we have had some increase in imports since 1934.

We have heard speeches on this subject in Congress and seen tables presented showing the imports of agricultural and other products during recent years.

TWO MAIN CAUSES OF INCREASE

To say that the increase of these imports has been due, or even largely due, to the trade agreements is to misstate the facts completely.

It has been due very largely to other causes.

The other causes are primarily two: First, the great droughts of 1934 and 1936 which made serious shortages in essential food and feedstuffs, and, second, the general improvement in economic conditions and in commodity prices and consumption in this country which naturally attracted more imports irrespective of the tariff situation.

It was these circumstances which brought a larger volume of certain foreign products into the country.

It was not the trade concessions, nor was it the production-control program of the A. A. A.

DROUGHTS CAUSED LOW PRODUCTION

In the 1934 and 1936 seasons, we had two of the worst droughts ever experienced in the United States.

The result was exceedingly low production of most of our grains, meats, and dairy products during those 2 years.

Supplies were short during the ensuing marketing seasons.

That fact, of course, raised prices of these things and made our market unusually attractive to foreigners who had supplies of these products to sell.

IMPORTS COMPARATIVELY SMALL

The imports in every case amounted to a comparatively small proportion of the shortage.

What they did do, however, was to prevent famine conditions.

In some cases, as, for example, fodder, and feedstuffs, such quantities as came into the country certainly were a boon to consumers no less than to farmers, for it is items such as these that kept the foundation herds and reservoirs of our national meat supply from being completely devastated.

UNFORESEEN CONDITIONS

When you are sizing up the significance of these imports, you must remember that the farmer did plant ample acreages to every one of the crops that were so hard hit later by the drought.

It was this unforeseen and unpreventable weather condition that brought low yields; it was not a restriction of acreage by man; it was a restriction of production by nature.

Had there been a complete embargo on foreign shipments during the subsequent marketing seasons, the farmers of the United States could not and would not have raised a single additional crop.

Moreover, although the imports in 1937 seem to sound like large figures, when we roll them out in proper style, the fact is that they formed only a very small percentage of our domestic production of most of the crops in question.

The relation of the so-called high 1937 imports to 1937 production for some of the leading items is as follows:

Commodity with percentage 1937 imports of 1937 production

Corn	3.3
Wheat (42 cents and 10 percent ad valorem)	1.0
Barley malt	4.5
Rye	.4
Hay	.2
Butter	.7
Livestock and meat products [1]	2.8
Egg products [2]	1.3
Dried milk	.003

[1] Includes live animals, beef and veal, pork, and lamb and mutton.
[2] 1936 figures. Computed on shell-egg basis.

This table is computed from official data on imports and production.

In view of those small percentages, any impartial observer will conclude that, even had imports been wholly prohibited, prices hardly would have been higher than they were and farmers would have received no additional income.

THE TRUE EXPLANATION

There are some items which we regularly import in large quantities and which were less seriously affected by the droughts than were grains and dairy products.

Among these are wool, hides, and skins.

Imports of those things had fallen to a low level in 1932 because the business of the country was at a low ebb and we were using only small quantities of such raw materials.

As business and demand improved in subsequent years, the imports of these items rose.

That is the actual and true explanation of such increased imports between 1932 and 1937.

One who is really interested in the truth back of these increased imports should give proper weight to the fact that industrial activity in the United States rose from an index of 64 to 110 during those years.

COMPARE LAST YEAR WITH 1929

Actually it is unfair to use 1932 as a basis for comparison. Our imports of almost all products, whether or not agricultural, were then at the lowest point in recent years, and that, as I have said, was due to the low prices and purchasing power existing at that time.

In many respects it would be more reasonable to compare last year's imports with those in 1929.

I have here a table making this comparison.

Upon looking at that table, one notes that in a number of cases our imports were higher in 1929 than they were last year (1937).

That is true of such items as cottonseed oilcake and meal, soybean oilcake and meal, meat products, egg products, and dried milk.

It is only in the case of those commodities that were most severely cut by the droughts that there was a large increase in imports between the two years.

I have mentioned that the A. A. A. program also has been blamed for this rise in imports.

We have seen tables of import commodities in the CONGRESSIONAL RECORD along with the assertion that the production-control program was partly responsible.

ONLY 7 OUT OF 23 AFFECTED

The fact is that in these tables of commodities so cited, the production-control program did not cover most of them.

Of 23 items which have been cited in this manner in criticism in the House, only 7 could possibly have been affected by the A. A. A. program—namely, corn, wheat, hogs, fresh pork, hams and bacon, cottonseed cake and meal, and rye.

Even in the case of these commodities (with the exception of cottonseed cake and meal), production was cut so sharply

by the droughts that any effect of the adjustment programs certainly was negligible.

THE CORN CROP

For example, the corn crop of 1936, marketed largely during the following year, amounted to only 1,507 million bushels, or 41 percent less than the 5-year average, 1928–32.

Figures for the exact number of acres removed from production during that year under the A. A. A. program are not available separately for corn.

The number of acres actually planted, however, was about 11 million less during 1936 than for the record post-war year 1932.

Even if it be assumed that, in the absence of an adjustment program, another record acreage would have been planted, production for 1936 would have reached only 1,672 million bushels.

It still would have been 35 percent below the 5-year average and large imports still would have been necessary.

I may add the final statement respecting these 23 import items that it is very hard to see how the reciprocal trade agreements program could have affected them, because the tariff has not been lowered except on two or three items, including cattle, but even in the case of cattle the duty reductions apply to only a limited number of head.

CROP SHORTAGE TO BLAME

If one wants further evidence that these abnormally large farm imports of recent years have been due chiefly to the droughts of 1934 and 1936, he will find it in the fact that in recent months, as the better crops of 1937 have come to market, imports have returned to normal proportions.

You can take the entire list of farm products imported, at which so much criticism has been leveled, and you will find that, with the exception of some of the meat products, imports have run less this year than last.

As nature has come back to more normal dealings with us, our purchases made from foreigners have dwindled to a more normal level.

It was not trade agreements that put these import figures up, and it is not trade agreements that is putting them down this year.

It was drought shortage that put them up, and it is the plentiful supplies of a better season that are allowing them to come down.

If one is really interested in our foreign trade in farm products, one should notice the recent trend of exports as well as imports.

I do not hear our critics saying anything about exports, and yet the fact is that in recent months we have been selling distinctly more farm products to foreigners, at the same time that we are buying less from them.

GREAT GAIN FOR FARMERS

The indexes of the quantity of agricultural exports from the United States for the first 8 months of the current fiscal year are considerably higher for all groups, except fruits, than they were for the like period of the preceding year.

The increase is particularly striking in the case of grains.

The Department of Agriculture export index shows the following percentage increase for the various groups during 8 months of the current fiscal year over the same period a year ago.

This table shows you how our trade agreements make money for farmers:

Percentage gain for our farmers

All commodities	32
All commodities, except cotton	98
Cotton fiber, including linters	9
Unmanufactured tobacco	13
Fruits	1
Wheat and wheat flour	363
Other grains and grain products	505
Cured pork	17
Lard	81

Exports of meat products, as well as grains, have shown a substantial gain.

Although lard export shows an 81-percent increase and cured pork 17 percent, even these percentages are not to be considered a full measure of the recovery of these items from the effect of the droughts.

They are merely preliminary increases due chiefly to reduction of stocks in anticipation of the larger supplies likely as a result of the large harvest of feed crops in 1937.

EXPORTS GAINING EVERY MONTH

The drought-affected commodities go right on gaining in export sales each month.

The February index of wheat exports, including flour (latest month available), was 20 percent higher than in January and it was more than six times as high as during February 1937.

The index for other grains and grain products was 20 percent higher than in January and 10 times as high as a year earlier.

Now if one wants to blame the trade agreements for the rise in imports, why should he not give credit to the trade-agreements program now when imports are falling and exports are rising? This means more money for our farmers.

It would be just as easy for me in this speech to make a plausible argument about the marvelous effects of this program in expanding our export market as it is for critics to lambast and misrepresent the program for bringing in more imports, as so many of them are doing. Evidently they think they can keep on fooling the farmers indefinitely.

WHY NOT STICK TO THE TRUTH?

But what we are interested in here is adherence to the facts. Farmers want the facts, and they have a right to demand the facts.

The fact is that the trade-agreements program played no appreciable part in the rise of imports nor, so far, has it played any very great part in expanding exports.

The droughts and economic conditions of the markets have been the major causes on both sides.

Now that we have better supplies of our own of these farm products, we are not having to buy so much from foreigners and, on the other hand, we have more to sell them.

Let us keep the record straight on this point.

PROSPERITY AHEAD

As for the future, we have every reason to believe that the stage is now set for real benefits from the trade-agreements program.

If the unprecedented droughts of 1934 and 1936 had not upset the whole picture of agricultural production in this country we would have seen the machinery functioning before this.

Now that we are getting back to normal, there is every reason to expect that the way is paved for a resumption of commerce with our neighbors along these various lines on a scale such as we have not seen since the great depression struck in 1929.

With the agreements already negotiated, it seems that the barricade of tariffs that has throttled our trade will at last be reduced and our farmers will be able once more to find some portion of that foreign market which has meant so much to them in former years.

DO NOT LET THE PROPAGANDISTS CONFUSE YOU

Do not let the partisan politicians mislead you.

Do not let the knockers and critics prejudice you.

Do not let the apostles of despair and the gloom-shooters befuddle you.

Make them stick to the facts. Make them tell you the truth.

If you are a Republican remember that outstanding and truly great leaders in the Republican Party are among the most enthusiastic, outspoken, and loyal supporters of the Roosevelt administration's trade-agreements program which

is designed to help bring permanent prosperity to America. Again, I repeat, "Don't let the critics fool you—make them stick to the facts."

EXTENSION OF REMARKS

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and include therein an address which I delivered at a banquet held at the Twenty-fifth Biennial Interstate Convention of the Sons of Norway on Saturday, May 7, 1938.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. MASON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a very short editorial from the Dallas Journal on the same subject.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. WELCH. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD at this point with reference to a bill I have today introduced authorizing operating subsidy contracts for a limited number of vessels engaged in the intercoastal commerce of the United States—the number of such vessels to be subsidized, their types, size, and speed, and the amount of the subsidy, under the provisions of the bill, must be approved by the President, the Maritime Commission, and the Secretary of the Navy. My statement also contains a letter from Admiral R. E. Ingersoll, Chief of the War Plans Division, United States Navy.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. WELCH. Mr. Speaker, I have today introduced a bill authorizing operating subsidy contracts for a limited number of vessels engaged in the intercoastal commerce of the United States—the number of such vessels to be subsidized, their type, size, and speed, and the amount of the subsidy, under the provisions of this bill, must be approved by the President, the Maritime Commission, and the Secretary of the Navy.

This is strictly a national naval defense measure based on the following communication addressed to me by Admiral R. E. Ingersoll, Chief of the War Plans Division, United States Navy:

Confirming the testimony which I gave before the House Committee on February 4 and my further telephone conversation with you this morning, the number of fast passenger ships we should like to use on very short notice in the event of an emergency is about 16, such vessels to be employed as hospital ships, transports, etc., with little or no conversion.

If such vessels were employed in foreign trade to the Orient, Australia, South America, or in the Atlantic, the indications are that only 40 percent of the vessels would be available on short notice at Pacific coast ports. Therefore, in order to have about 16 vessels available at Pacific coast ports there should be a minimum of about 40 vessels of this class in our merchant marine. I referred to this feature when I stated before the committee that it would be prudent policy to build about 50 vessels of this class.

After careful and mature consideration the Committee on Merchant Marine and Fisheries included a provision similar, but much broader in scope, section 30 in H. R. 10315, a bill to amend the Merchant Marine Act, 1936, to further promote the merchant marine policy therein declared, and for other purposes. When this bill was under consideration by the House recently section 30 was stricken from the bill, due largely, I believe, to an eleventh-hour barrage which was laid down against it by selfish sectional groups consisting of railroad and other interests in the Mississippi Valley. Section 30 of the maritime bill did not require the approval of the President and the Secretary of the Navy, and it did not contain the other limitations provided for in the bill which I have just introduced.

It has been stated that this bill, which is limited strictly to national defense, will meet with opposition from the same selfish sectional interests which were responsible for the elimination of section 30.

Mr. Speaker, Japan has practically captured all of the passenger and freight traffic between the Pacific coast and that country. Japan's ships have been built as naval auxiliaries under the plans of Japanese naval authorities. As a result, she has eliminated practically all of our fast merchant vessels from the Pacific trade. Misled sectional interests of the Mississippi Valley who have for years been laboring under what seems to be an obsession with reference to our intercoastal trade is gradually succeeding in driving fast American-flag ships out of the intercoastal trade, leaving in that trade a class of ships that could not accompany our naval fleet across Chesapeake or San Francisco Bay, let alone the Pacific Ocean or any other ocean.

Mr. Speaker, the opposition of the interests referred to, and with the cooperation of the Maritime Commission, have forced the withdrawal of the fast 19- or 20-knot Grace Line ships, consisting of the *Santa Paula, Santa Elena, Santa Rosa, Antiqua, Chiriqui,* and the *Talamanca,* and the Panama Pacific Line 18-knot ships, including the *California, Pennsylvania,* and *Virginia,* from the intercoastal trade. The Panama Pacific ships, the last to leave the intercoastal service, are today lying at anchor deteriorating in New York harbor. Those who are responsible for the withdrawal of these vessels which could be used as excellent auxiliaries for the Navy from intercoastal traffic have predicated their fight upon the assumption that the cargoes carried on these ships would be added to the business of the railroads. No greater mistake could be made, as this will not add one carload of freight to railroad traffic. It simply transfers the cargo from the fast fleet to the slow-moving freight ships of a type and class which I have already stated would be of absolutely no service to the Government as auxiliary naval ships. It should be remembered that the Middle West interests who deny a limited subsidy to a limited number of fast ships of the type recommended by Admiral Ingersoll, have succeeded in raiding the United States Treasury for a subsidy of millions of dollars for barges on the Mississippi and Missouri Rivers. That the position taken by these Mississippi Valley railroad interests and those other interests which approved their position in that section is a narrow sectional view is evidenced by the fact that others having a similar but national interest in our railroads are not in accord with their viewpoint on this question. The president of the Southern Pacific Railroad Co., Mr. McDonald, taking a broad, national, and patriotic view, has publicly waived any objection to such a subsidy for the class, type, and number of vessels provided for in my bill.

Mr. Speaker, during the more than 13 years that I have been a Member of the House of Representatives I have represented a strictly urban population, entirely confined within the city limits of San Francisco. During this entire time I have, as the RECORD will show, consistently supported all farm legislation, because I have recognized the national significance and importance of this legislation. My vote will compare favorably with that of any Member of Congress representing the farm areas of the great Mississippi Valley. But I also recognize the necessity for an adequate Navy and naval auxiliaries to provide national naval defense. As Congressman CULKIN pointed out in connection with section 30 of the maritime bill, when it was under consideration, nothing will be taken from the Treasury by the passage of legislation as provided in this measure. The removal of these vessels from our intercoastal traffic stops the payment of Panama Canal tolls amounting to $26,000 for each round trip. I sincerely hope the day will never come when it will be too late for this misled sectional group to regret their error in thus denying to the west coast of the United States the adequate national defense to which it is entitled.

Mr. MURDOCK of Utah. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein certain excerpts from party platforms and

statements of ex-Presidents of the United States on the question of Government reorganization.

The SPEAKER. Is there objection to the request of the gentleman from Utah?

There was no objection.

Mr. PACE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a letter from the Assistant Secretary of Agriculture, together with certain tables relating to the importation of farm commodities.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. ANDERSON of Missouri. Mr. Speaker, I ask unanimous consent that at the conclusion of the legislative program for today I may be permitted to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, I call the attention of the Members of the House to the Treasury statement of May 4, showing we are $1,267,512,721.93 in the red. Notwithstanding the fact the President promised in 1934 and 1935 that the Budget would be balanced. I also want to ask some of you on that side of the House where are you going to get the money to balance the Budget? All you think of is spend, spend, spend. Remember the day of reckoning is coming and coming fast. You are responsible for this situation—will you be men enough to meet it in a sound, sensible, business way? Oh, I do hope you will get some business into Government and forget politics. It is too serious to trifle longer.

[Here the gavel fell.]

DISTRICT OF COLUMBIA BUSINESS

The SPEAKER. This is District day. The Chair recognizes the gentleman from Maryland [Mr. PALMISANO].

DISTRICT OF COLUMBIA REVENUE ACT

Mr. PALMISANO. Mr. Speaker, I call up the conference report on the bill (H. R. 10066) to amend the District of Columbia Revenue Act of 1937, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The Clerk read the title of the bill.

Mr. O'MALLEY. Reserving the right to object, Mr. Speaker, is this the bill dealing with taxicab liability?

Mr. PALMISANO. No; this is the conference report on the District of Columbia tax bill.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10066) to amend the District of Columbia Revenue Act of 1937, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 37, 38, 39, 40, 41, 42, and 43, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

"(h) The provisions of this section shall become effective at 12:01 ante meridian on the day immediately following the date of approval of this Act.

"SEC. 6. (a) Title VI of such Act is amended to read as follows:

"'TITLE VI—TAX ON PRIVILEGE OF DOING BUSINESS

"'SEC. 1. Where used in this title—

"'(a) The term "person" includes any individual, firm, copartnership, joint adventure, association, corporation (domestic or foreign), trust, estate, receiver, or any other group or combination, acting as a unit; and all bus lines, truck lines, radio communication lines or networks, telegraph lines, telephone lines, or any instrumentality of commerce, but shall not include railroads, railroad express companies, steamship companies, and air transportation lines.

"'(b) The term "District" means the District of Columbia.

"'(c) The term "taxpayer" means any person liable for any tax hereunder.

"'(d) The term "Commissioners" means the Commissioners of the District or their duly authorized representative or representatives.

"'(e) The term "business" shall include the carrying on or exercising for gain or economic benefit, either direct or indirect, any trade, business, profession, vocation, or commercial activity including rental of real estate and rental of real and personal property, in any commerce whatsoever in the District, in or on privately owned property and in or on property owned by the United States Government, or by the District, not including, however, labor or services rendered by any individual as an employee for wages, salary, or commission.

"'The term "business" shall not include the usual activities of boards of trade, chambers of commerce, trade associations or unions, or other associations performing the services usually performed by trade associations and unions, community chest funds or foundations, corporations, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, or clubs or fraternal organizations operated exclusively for social, literary, educational, or fraternal purposes, where no part of the net earnings or income or receipts from such units, groups, or associations inures to any private shareholder or individual, and no substantial part of the activities of which is carried on for propaganda or attempting to influence legislation: *Provided, however,* That if any such units, groups, or associations shall engage in activities other than the activities in which such units, groups, or associations usually engage, such activities shall be included in the term "business": *Provided further,* That activities conducted for gain or profit by any educational institution, hospital, or any other institution mentioned in this subparagraph, are included in the term "business".

"'(f) The term "gross receipts" means the gross receipts received from any business in the District, including cash, credits, and property of any kind or nature, without any deduction therefrom on account of the cost of the property sold, the cost of materials, labor, or services, or other costs, interest or discount paid, or any expense whatsoever: *Provided,* That any credits included by a taxpayer in a prior return of gross receipts which shall not have been collected during the period since the filing of the return in which the credit was included may be deducted from the gross receipts covered by the subsequent return: *Provided, however,* That if such credit shall be collected during a succeeding taxable period, such item shall be included in the return of gross receipts for such succeeding taxable period: *Provided further,* That the term "gross receipts" when used in connection with or in respect to financial transactions involving the sale of notes, stocks, bonds, and other securities, or the loan, collection, or advance of money, or the discounting of notes, bills, or other evidences of debt, shall be deemed to mean the gross interest, discount or commission, or other gross income earned by means of or resulting from said financial transactions: *Provided further,* That in connection with commission merchants, attorneys or other agents, the term "gross receipts" shall be deemed to mean the gross amount of such commissions or gross fees received by them, and as to stock and bond brokers, the term "gross receipts" shall be deemed to mean gross amount of commission or gross fees received, the gross trading profit on securities bought and sold, and the gross interest income on marginal accounts from business done or arising in the District: *Provided further,* That with respect to contractors the term "gross receipts" shall mean their total receipts, less money paid by them to subcontractors for work and labor performed and material furnished by such subcontractors in connection with such work and labor.

"'(g) The term "fiscal year" means the year beginning on the 1st day of July and ending on the 30th day of June following:

"'(h) The term "original license" shall mean the first license issued to any person for any single place of business and the term "renewal license" shall mean any subsequent license issued to the same person for the same place of business.

"'SEC. 2. (a) No person shall engage in or carry on any business in the District without having a license required by this title so to do from the Commissioners, except that no license shall be required of any person selling newspapers, magazines, and periodicals, whose sales are not made from a fixed location and which sales do not exceed the annual sum of $2,000.

"'(b) All licenses issued under this title shall be in effect for the duration of the fiscal year in which issued, unless revoked as herein provided, and shall expire at midnight of the 30th day of

June of each year. No license may be transferred to any other person.

"'(c) All licenses granted under this title must be conspicuously posted on the premises of the licensee and said license shall be accessible at all times for inspection by the police or other officers duly authorized to make such inspection. Licensees having no located place of business shall exhibit their licenses when requested to do so by any of the officers above named.

"'(d) Licenses shall be good only for the location designated thereon, except in the case of licenses issued hereunder for businesses which in their nature are carried on at large and not at a fixed place of business. No license shall be issued for more than one place of business without a payment of a separate fee for each, except where a taxpayer is engaged in the business of renting real estate.

"'(e) Any person not having an office or place of business in the District but who does or transacts business in the District by or through an employee or agent, shall procure the license provided by this title. Said license shall be carried and exhibited by said employee or agent: *Provided, however,* That where said person does or transacts business in the District by or through two or more employees or agents, each such employee or agent shall carry either the license or a certificate from the Commissioners that the license has been obtained. Such certificates shall be in such form as the Commissioners shall determine and shall be furnished without charge by the Commissioners upon request. No employee or agent of a person not having an office or place of business within the District shall engage in or carry on any business in the District for or on behalf of such person unless such person shall have first obtained a license as provided by this title.

"'(f) The Commissioners may, after hearing, revoke any license issued hereunder for failure of the licensee to file a return or corrected return within the time required by this title as originally enacted or amended or to pay any installment of tax when due thereunder.

"'(g) Licenses shall be renewed for the ensuing fiscal year upon application as provided in section 3 of this title: *Provided,* That no license shall be renewed if the taxpayer has failed or refused to pay any tax or installment thereof or penalties thereon imposed by this title as originally enacted or as amended: *Provided, however,* That the Commissioners in their discretion for cause shown may, on such terms and conditions as they may determine or prescribe, waive the provisions of this paragraph.

"'SEC. 3. (a) Applications for license shall be upon a form prescribed and furnished by the Commissioners, and each application shall be accompanied by a fee of $10: *Provided,* That no fee for the renewal of any license previously issued shall be required of any person if he shall certify under oath (1) that his gross receipts during the year immediately preceding his application, if he was engaged in business during all of such period of time, or (2) that his gross receipts as computed in section 5 of this title, if he was engaged in business for less than one year immediately preceding his application; were not more than $2,000. Application for an original license may be made at any time. Application for a renewal license shall be made during the month of May immediately preceding the fiscal year for which it is desired that the license be renewed: *Provided,* That where an original license is issued to any person after the 1st day of May of any year, application for a renewal of such license for the ensuing fiscal year may be made at any time prior to the expiration of the fiscal year in which such original license was issued.

"'(b) In the event of the failure of a licensee to apply for renewal of a license or licenses within the time prescribed herein, such licensee shall be required to pay for the renewal of each license the sum of $5 in addition to the fees prescribed herein, and the license fee in no event shall be less than $5 for each such renewal license.

"'SEC. 4. (a) Every person subject to the provisions of this title, whose annual gross receipts during the preceding calendar year exceed $2,000, shall, during the month of July of each year, furnish to the assessor, on a form prescribed by the Commissioners, a statement under oath showing the gross receipts of the taxpayer during the preceding calendar year, which return shall contain such other information as the Commissioners may deem necessary for the proper administration of this title. The burden of proof shall be upon the person claiming exemption from the requirement of filing a return to show that his gross annual receipts are not in excess of $2,000.

"'(b) The Commissioners, for the purpose of ascertaining the correctness of any return filed hereunder, or for the purpose of making a return where none has been made, are authorized to examine any books, papers, records, or memoranda of any person bearing upon the matters required to be included in the return and may summon any person to appear and produce books, records, papers, or memoranda bearing upon the matters required to be included in the return, and to give testimony or answer interrogatories under oath respecting the same, and the Commissioners shall have power to administer oaths to such person or persons. Such summons may be served by any member of the Metropolitan Police Department. If any person having been personally summoned shall neglect or refuse to obey the summons issued as herein provided, then, and in that event, the Commissioners may report that fact to the District Court of the United States for the District of Columbia, or one of the justices thereof, and said court or any justice thereof hereby is empowered to compel obedience to such summons to the same extent as witnesses may be compelled to obey the subpenas of that court.

"'(c) The Commissioners are authorized and empowered to extend for cause shown the time for filing a return for a period not exceeding 30 days.

"'SEC. 5. (a) For the privilege of engaging in business in the District during any fiscal year after June 30, 1938, each person so engaged shall pay to the Collector of Taxes a tax measured upon gross receipts in excess of $2,000 derived from such business for the calendar year immediately preceding, as follows:

"'1. That with respect to dealers in goods, wares, and merchandise, where the spread or difference between the cost of goods sold and the sale price does not exceed 3 per centum of the cost of the goods sold, one-tenth of 1 per centum of such dealers' gross receipts; where such spread or difference exceeds 3 but does not exceed 6 per centum, two-tenths of 1 per centum of such dealers' gross receipts; and where such spread or difference exceeds 6 per centum but does not exceed 9 per centum, three-tenths of 1 per centum of such dealers' gross receipts; and where such spread or difference exceeds 9 per centum, four-tenths of 1 per centum of such dealers' gross receipts. The cost of such goods, wares, and merchandise sold shall be determined after considering the inventories both at the beginning and at the end of the period covered by the return and purchases made during such period, and such inventories shall be valued at cost or market, whichever is lower, and shall be in agreement with the inventories as reflected by the books of such dealers. The cost of goods, wares, and merchandise shall be the actual purchase price, including the prevailing freight rate to the dealer's place of business in the District. The burden of proving under which classification the taxpayer shall be taxed shall be upon the taxpayer, and, unless the taxpayer shall by proof satisfactory to the assessor show to the contrary, the spread or difference between the cost of goods, wares, and merchandise sold by the taxpayer and the selling price of such goods, wares, and merchandise shall be presumed to be in excess of 9 per centum of the cost of the goods, wares, and merchandise sold, and the taxpayer shall be taxed accordingly.

"'2. All persons, other than those mentioned in subparagraph (1) of this paragraph shall pay a tax equal to four-tenths of 1 per centum of the gross receipts derived by such persons from such business.

"'(b) If a taxpayer shall not have been engaged in business during the entire calendar year upon the gross receipts of which the tax imposed by this title is measured, he shall pay the tax imposed by this title measured by his gross receipts during the period of one year from the date when he became so engaged; and if such taxpayer shall not have been so engaged for an entire year prior to the beginning of the fiscal year for which the tax is imposed then the tax imposed shall be measured by his gross receipts during the period in which he was so engaged multiplied by a fraction, the numerator of which shall be 365 and the denominator of which shall be the number of days in which he was so engaged.

"'(c) If a person liable for the tax during any year or portion of a year for which the tax is computed acquires the assets or franchises of or merges or consolidates his business with the business of any other person or persons, such person liable for the tax shall report, as his gross receipts by which the tax is to be measured, the gross receipts for such year of such other person or persons together with his own gross receipts during such year.

"'SEC. 6. National banks and all other incorporated banks and trust companies, street railroad, gas, electric lighting, and telephone companies, companies incorporated or otherwise, who guarantee the fidelity of any individual or individuals, such as bonding companies, companies who furnish abstracts of title, savings banks, and building and loan associations which pay taxes under existing laws of the District upon gross receipts or gross earnings, and insurance companies which pay a tax upon premiums shall be exempt from the provisions of this title.

"'SEC. 7. (a) The taxes imposed hereby shall be due on the 1st day of July of the fiscal year for which such taxes are assessed and may be paid, without penalty, to the collector of taxes of the District in equal semiannual installments in the months of October and April following. If either of said installments shall not be paid within the month when the same is due, said installment shall thereupon be in arrears and delinquent and there shall be added and collected to said tax a penalty of 1 per centum per month upon the amount thereof for the period of such delinquency, and said installment with the penalties thereon shall constitute a delinquent tax.

"'(b) Any tax on tangible personal property levied against, and paid by, the taxpayer to the District, within the time prescribed by law for the payment of such tax by the taxpayer, shall be allowed as a credit against the tax imposed by this title for the taxable year in which such tax on tangible personal property is paid.

"'SEC. 8. If a return required by this title is not filed, or if a return when filed is incorrect or insufficient and the maker fails to file a corrected or sufficient return within twenty days after the same is required by notice from the assessor, the assessor shall determine the amount of tax due from such information as he may be able to obtain, and, if necessary, may estimate the tax on the basis of external indices such as number of employees of the person concerned, rentals paid by him, stock on hand, and other factors. The assessor shall give notice of such determination to the person liable for the tax. Such determination shall fix the tax, subject

however to appeal as provided in sections 3 and 4 of title IX of this act.

"'SEC. 9. Any person failing to file a return or corrected return within the time required by this title shall be subject to a penalty of 10 per centum of the tax due for the first month of delay plus 5 per centum of such tax for each additional month of delay or fraction thereof.

"'SEC. 10. Any notice authorized or required under the provisions of this title may be given by mailing the same to the person for whom it is intended by mail addressed to such person at the address given in the return filed by him pursuant to the provisions of this title, or if no return has been filed then to his last-known address. The mailing of such notice shall be presumptive evidence of the receipt of the same by the person to whom addressed. Any period of time which must be determined under the provisions of this title by the giving of notice shall commence to run from the date of mailing such notice.

"'SEC. 11. The taxes levied hereunder and penalties may be assessed by the assessor and collected by the collector of taxes of the District in the manner provided by law for the assessment and collection of taxes due the District on personal property in force at the time of such assessment and collection.

"'SEC. 12. Any person engaging in or carrying on business without having a license so to do, or failing or refusing to file a sworn report as required herein, or to comply with any rule or regulation of the Commissioners for the administration and enforcement of the provisions of this title shall, upon conviction thereof, be fined not more than $300 for each and every failure, refusal, or violation, and each and every day that such failure, refusal, or violation continues shall constitute a separate and distinct offense. All prosecutions under this title shall be brought in the police court of the District on information by the corporation counsel or his assistant in the name of the District.

"'SEC. 13. The Bureau of Internal Revenue of the Treasury Department of the United States is authorized and required to supply such information as may be requested by the Commissioners relative to any person subject to the taxes imposed under this title.

"'SEC. 14. Except in accordance with proper judicial order or as otherwise provided by law, it shall be unlawful for the Commissioners or any person having an administrative duty under this title to divulge or make known in any manner the receipts or any other information relating to the business of a taxpayer contained in any return required under this title. The persons charged with the custody of such returns shall not be required to produce any of them or evidence of anything contained in them in any action or proceeding in any court, except on behalf of the United States or the District, or on behalf of any party to any action or proceeding under the provisions of this title, when the returns or facts shown thereby are directly involved in such action or proceeding, in either of which events the court may require the production of, and may admit in evidence, so much of such returns or of the facts shown thereby, as are pertinent to the action or proceeding and no more. Nothing herein shall be construed to prohibit the delivery to a taxpayer, or his duly authorized representative, of a certified copy of any return filed in connection with his tax, nor to prohibit the publication of statistics so classified as to prevent the identification of particular returns and the items thereof, or the inspection by the corporation counsel of the District, or any of his assistants, of the return of any taxpayer who shall bring action to set aside or review the tax based thereon, or against whom an action or proceeding has been instituted for the collection of a tax or penalty. Returns shall be preserved for three years and thereafter until the Commissioners order them to be destroyed. Any violation of the provisions of this section shall be subject to the punishment provided by section 12 of this title.

"'SEC. 15. This title shall not be deemed to repeal or in any way affect any existing Act or regulation under which taxes are now levied, or any license or license fees are now required.

"'SEC. 16. Sections 2 and 3 of this title shall be effective upon the approval of this Act. The remaining sections of this title shall be effective July 1, 1938. This title shall expire June 30, 1939.

"'SEC. 17. Appropriations are hereby authorized for such additional personnel and expenses as may be necessary to carry out the provisions of this Act.

"'SEC. 18. The proper apportionment and allocation of gross receipts with respect to sources within and without the District may be determined by processes or formulas of general apportionment under rules and regulations prescribed by the Commissioners.'

"(b) The amendment made by this section shall not affect the taxes imposed and the licenses required by the provisions of title VI of such Act for the fiscal year ending June 30, 1938."

And the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 6. There is hereby authorized to be appropriated out of the revenues of the District of Columbia the sum of $10,000, for the employment of professional and clerical services in connection with a survey and study of the entire tax structure of the District of Columbia, including taxes paid by public utilities, to be made under the direction of the Joint Committee on Internal Revenue Taxation. Such sum shall be available for necessary expenses, and for personal services without regard to civil-service requirements, the Classification Act of 1923, as amended, or section 3709 of the Revised Statutes. A report of such survey, with recommendations, shall be made to Congress not later than January 15, 1939."

And the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows: On page 18 of the Senate engrossed amendments, in line 23, strike out "in the District for at least five years," and in lieu thereof insert "for at least ten years"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert "it"; and the Senate agree to the same.

JACK NICHOLS,
EVERETT M. DIRKSEN,
Managers on the part of the House.

WILLIAM H. KING,
ROYAL S. COPELAND,
ARTHUR CAPPER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10066) to amend the District of Columbia Revenue Act of 1937, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendments Nos. 1, 3, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 39, 40, 41, and 42: These amendments are of a clerical or clarifying nature. The House recedes on all these amendments with an amendment on No. 36, which makes a further clerical change.

On amendment No. 2: The House bill provided that title VI of the District of Columbia Revenue Act of 1937, imposing a business privilege tax, be continued in effect for the limited purposes of enforcing tax liability and penalties imposed and incurred during the effective period of that title; and to require the filing of returns required by that title. The Senate amendment reenacts title VI of the District of Columbia Revenue Act of 1937 for an indefinite period of time, with clarifying alterations and additions, and with graduated rates of taxation with respect to dealers in merchandise, in lieu of a flat rate as provided in title VI of the Revenue Act of 1937. In addition, the Senate amendment reduced the exemption of gross receipts from $2,000 to $1,000. The conference report adopts the provisions of the Senate amendment with the following changes: The conference report includes a clerical provision for the effective date of section 5 of the act. The exemption of gross receipts from the measurement of tax is increased from $1,000 to $2,000. Sections 2 and 3 of title VI are made effective upon the approval of the act. Title VI shall expire June 30, 1939. To clarify subsection (b), section 4, the Commissioners are authorized to examine the books, papers, etc., of any person bearing upon any matter required to be included in any return.

On amendment No. 4: The Senate amendment provides that title VII of the District of Columbia Revenue Act of 1937 be amended by providing for an appropriation of $10,000 for the employment of professional and clerical services in connection with a survey and study of the tax structure of the District of Columbia to be made under the direction of the Commissioners of the District of Columbia. The conference report adopts the provisions of the Senate amendment with a change providing that the survey and study of the tax structure of the District be made under the direction of the Joint Committee on Internal Revenue Taxation.

On amendment No. 6: The House bill provided for the establishment of a Board of Tax Appeals for the District of Columbia, consisting of three members, two of whom shall be attorneys in active practice of law for at least 5 years next preceding their appointment, one of whom shall be chairman of the Board, and one member a certified public accountant. The House bill further provided that the salary of the chairman should be $8,000 per annum, and of the other members $7,000 per annum. The Senate amendment reduces the membership of the Board to one person, with a salary of $7,500 per annum, with the requirement that such person be an attorney in active practice of law in the District of Columbia for at least 5 years next preceding his appointment. The conference report adopts the Senate amendment with the following change, namely: That the member of the Board shall be in active practice of law for at least 10 years next preceding his appointment.

On amendment No. 38: The House bill (which established a board of tax appeals of three persons) provided that upon disqualification of one of the members the Commissioners may appoint a person in the stead of such disqualified member. The Senate amendment (which establishes a board of one person) eliminates the disqualification provision. The conference report adopts the Senate amendment.

On amendment No. 43: The House bill imposed a tax of 50 cents a barrel on all beer sold by a holder of a manufacturer's or

wholesaler's license. The Senate amendment exempts from such taxation beer which is purchased from a licensee under the act. The conference report adopts the Senate amendment.

JACK NICHOLS,
EVERETT M. DIRKSEN,
Managers on the part of the House.

Mr. PALMISANO. Mr. Speaker, although I personally did not sign this conference report, I have called it up because that is the regular routine. I am opposed to the conference report. In view of this situation, I yield 30 minutes to the gentleman from Illinois [Mr. DIRKSEN], who is in favor of the conference report.

Mr. DIRKSEN. Mr. Speaker, I yield 15 minutes to the gentleman from Oklahoma [Mr. NICHOLS].

Mr. NICHOLS. Mr. Speaker, this is the Revenue Act of 1938 for the District of Columbia. Most of you are familiar with what has taken place during the long hearings on this bill and the long deliberation and debate over what form of tax should be passed to form the basis for this year's revenue bill. The Committee on the District of Columbia reported to the House an income-tax bill, which was defeated by the House. That left in the bill a provision for an increase of 25 cents in the tax on real property in the District of Columbia, which brings the rate to $1.75. Besides that, the bill contained a provision for the creation of a Board of Tax Appeals, together with some amendments to the 1937 act, with respect to motor vehicles. There were also a few other minor features.

The real meat of the bill now comes back from the Senate to this body for consideration in the form of a so-called business privilege tax. I may say that probably the best way to explain this tax is to say that it is identically the same bill both branches of the Congress passed last year, with but few exceptions. Last year the business privilege tax for the District of Columbia imposed a tax upon the gross receipts of business done in the District of Columbia of two-fifths of 1 percent. The subcommittee of the District of Columbia this year spent weeks and weeks in writing another business-privilege tax. We found there had been some injustices done under the old business privilege tax by reason of the single two-fifths of 1 percent rate. We attempted to cure as many of these injustices as possible by dropping the rate from two-fifths of 1 percent to one-tenth of 1 percent as a minimum on those businesses which earned less than 3 percent over the taxable year, the percentage to be based on the selling price of an article less its cost and the freight to Washington. Then we graduated the rate upward. If the earning is 3 percent, then the business pays a tax at the rate of one-tenth of 1 percent. If the earning is 6 percent, the rate is two-tenths of 1 percent. If it is 9 percent, the rate is three-tenths of 1 percent. On all earnings above 9 percent the rate is four-tenths of 1 percent, which is back to the maximum, or two-fifths of 1 percent, the full rate we had last year. We have now reduced the rate to one-tenth of 1 percent as the minimum, with two-fifths of 1 percent as the maximum.

I believe there will probably be objection made to this form of tax for the District of Columbia. I believe every one in the House will agree I made rather a determined fight to pass an income-tax bill for the District of Columbia this year. Therefore, it is readily understood I am not ready to say this is the ideal form of tax for the District of Columbia. However, the situation is simply that we have not been able to pass an income-tax law and I do not believe we will be able to do so. It has been suggested by some of the business organizations of the District of Columbia that there should probably be passed a sales tax in the District. The Committees on the District of Columbia in both branches of the Congress have not thought it wise to propose for passage a sales tax. It is my judgment that such a tax could not pass either branch of the Congress anyway.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. Just let me finish my statement, and then I will yield.

Therefore, we are now back to the point where unless we go back to the business-privilege tax we had last year there is only one source left from which to raise the revenue that must be obtained, and that is a tax on real estate.

[Here the gavel fell.]

Mr. NICHOLS. Mr. Speaker, I yield myself 2 additional minutes.

And this will be forcing the citizenship of this city to pay all of their taxes based upon real estate, and of course it is my opinion that the tax base should be broadened, and the broader the better.

My personal opinion is that the District of Columbia, in its scope, is very closely related to a State. We already have an estate and inheritance tax, and I think we should have, in connection with that, an income tax and probably a small sales tax, plus the real-estate tax. Then you have broadened the base of taxation and spread the burden of taxation so thinly that no one is hurt. However, this is the best we can do at the moment under the circumstances, and unless this bill is passed we will place all of the burden of financing the city government upon the man or woman who has been thrifty enough to acquire a home; and I do not believe the House of Representatives wants to do this.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman.

Mr. MARTIN of Massachusetts. Do I understand that if a manufacturer sends goods to Washington he is obliged to pay this tax?

Mr. NICHOLS. If a manufacturer sells goods in Washington——

Mr. MARTIN of Massachusetts. I mean if he sells to a retailer who resells them.

Mr. NICHOLS. Yes; he is.

This is not contained in the law and, of course, comes under regulations, but the regulations as laid down by the corporation counsel's office last year provided this peculiar quirk. If a salesman comes to the District of Columbia and solicits business from the retailer, the retailer, under their interpretation of the law, will have to pay the tax. If he does not come here and solicit business, and it is mailed in, he does not pay the tax—a very peculiar regulation.

[Here the gavel fell.]

Mr. NICHOLS. Mr. Speaker, I yield myself 2 additional minutes.

Mr. SABATH. Mr. Speaker, will the gentleman yield for a question?

Mr. NICHOLS. I yield to the gentleman from Illinois.

Mr. SABATH. The gentleman stated that if this report was not agreed to there would be only a real-estate tax imposed in the District. Is there not a personal-property tax here?

Mr. NICHOLS. Oh, yes.

Mr. SABATH. So the real estate would not carry the entire burden.

Mr. NICHOLS. I will say to my friend from Illinois that at the moment the forms of taxation here are real and personal property tax, inheritance and estate taxes, and provided in this bill is a 50-cent-per-barrel tax on beer, and, of course, there is already in existence a 2-cent gasoline tax. This forms at the moment your basis of taxation, with the exception of the 50-cent-per-barrel beer tax.

Mr. SABATH. Who is opposed to an income tax for the District of Columbia?

Mr. NICHOLS. I could not tell my friend, but I may say to him that they are in goodly numbers in the House of Representatives. I think we received some 67 votes in the House of Representatives for the income-tax bill just the other day.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr NICHOLS. I yield to the gentleman.

Mr. RICH. The gentleman spoke about assessing a one-tenth of 1 percent tax on merchants whose income is 3 percent or less.

Mr. NICHOLS. Whose earnings are 3 percent or less.

Mr. RICH. And you gradually raise that to two-fifths of 1 percent when the earnings are more than 9 percent. Is not that going to require a complicated manner of figuring out this tax, and will not the District require a lot of data and extra bookkeeping in order to get these figures?

Mr. NICHOLS. It will not be complicated, I will say to my friend, because we fix a yardstick in this bill; and if the gentleman will look at the bill, he can understand it easier than to have me explain it. I believe the yqardstick is well understood, and there will not be any complications.

Mr. SHORT. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Missouri.

Mr. SHORT. Really, this is a concession made to the businessmen of the city and of the District of Columbia in reducing the tax from two-fifths of 1 percent down to one-tenth.

Mr. NICHOLS. That is right.

Mr. SHORT. This is a concession to that extent.

Mr. NICHOLS. The reason we have to do that is because the produce merchants, for instance, who do a great volume of business, do so on a very small margin, and we had to do something to take care of them, as well as the tobacco men and others.

Mr. SHORT. But I understand the real-estate tax is the same this year as least year, $1.75 per $100?

Mr. NICHOLS. Exactly the same; yes.

[Here the gavel fell.]

Mr. NICHOLS. Mr. Speaker, I yield myself 2 additional minutes.

Mr. GREENWOOD. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman.

Mr. GREENWOOD. What is the rate on real estate fixed in the bill?

Mr. NICHOLS. The rate is fixed for 1 more year at $1.75.

Mr. GREENWOOD. And this business-privilege tax covers all lines of business like hotels, apartment houses, and everything else where there is a gross income from business?

Mr. NICHOLS. Every line of business is covered. There are some exemptions in the bill. For instance, we exempt in this bill financial institutions, and the reason we do that is because they are already paying in the District of Columbia from 4 to 6 percent gross on their business.

Mr. GREENWOOD. If a man sells a piece of real estate, is that considered as an income upon which to figure a tax?

Mr. NICHOLS. It is.

Mr. GREENWOOD. Any individual or businessman?

Mr. NICHOLS. It is.

Mr. TARVER. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Georgia.

Mr. TARVER. Do I understand the gentleman to say that if a traveling man comes to the District of Columbia representing a nonresident firm or corporation and takes an order from a local retailer, that the concern outside of the District must pay this gross-receipts tax?

Mr. NICHOLS. Yes.

Mr. TARVER. It is clearly a violation of the Constitution.

Mr. NICHOLS. Would my friend like a further answer?

Mr. TARVER. Yes.

Mr. NICHOLS. I may say to my friend from Georgia that this is the interpretation placed on this provision by the corporation counsel's office. Some of us are very anxious to see that the regulation is changed.

Mr. TARVER. It is clearly a violation of the Constitution.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Speaker, I yield myself 5 minutes.

Mr. PALMISANO. Mr. Speaker, I note that there is considerable interest in this conference report. I feel that not a sufficient number of Members are present. I make the point of order, Mr. Speaker, that a quorum is not present.

The SPEAKER. The gentleman from Maryland makes the point of order that a quorum is not present. Evidently a quorum is not present.

Mr. PALMISANO. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 70]

Ashbrook	Culkin	Jenckes, Ind.	Schulte
Barden	Deen	Jenkins, Ohio	Scrugham
Barry	Delaney	Johnson, Okla.	Shanley
Biermann	Dempsey	Kennedy, Md.	Sirovich
Binderup	Dickstein	Keogh	Smith, Maine
Boland	Disney	Kirwan	Smith, W. Va.
Boykin	Ditter	Kopplemann	Somers, N. Y.
Boylan, N. Y.	Dorsey	Long	Stack
Buckley, N. Y.	Douglas	McFarlane	Starnes
Bulwinkle	Faddis	McGehee	Steagall
Caldwell	Fish	McGranery	Sullivan
Cannon, Wis.	Flannagan	McMillan	Sumners, Tex.
Casey, Mass.	Flannery	Mansfield	Sweeney
Celler	Frey, Pa.	Mitchell, Tenn.	Taylor, Colo.
Champion	Gifford	Norton	Taylor, S. C.
Clark, Idaho	Gildea	O'Connor, Mont.	Tobey
Claypool	Gingery	O'Leary	Wearin
Cole, Md.	Gray, Pa.	O'Toole	Wene
Cole, N. Y.	Hancock, N. Y.	Pettengill	Whelchel
Colmer	Hancock, N. C.	Phillips	White, Idaho
Connery	Hart	Polk	Wood
Cooley	Hartley	Quinn	
Crosby	Holmes	Rockefeller	
Crowther	Jarman	Rogers, Okla.	

The SPEAKER. On this roll call 333 Members have answered to their names, a quorum.

On motion of Mr. PALMISANO, further proceedings under the call were dispensed with.

The SPEAKER. The gentleman from Illinois is recognized for 5 minutes.

Mr. DIRKSEN. Mr. Speaker, if we can have just a few moments I think we can dispose of this conference report; but if there is too much noise and confusion in the Chamber this thing will run on for the 1 hour allotted under the rules. I am satisfied, as I say, that with just a little cooperation on the part of the Members we can dispose of this thing very satisfactorily.

Mr. Speaker, we bring to you a very perplexing situation. You are considering a conference report on the District Revenue Act for 1939. This conference report comes to you signed by three Senators and two House Members, but the chairman of the House Committee on the District of Columbia is opposed to this conference report. This is rather an odd situation and I shall engage you no longer than is necessary to make a brief explanation of the material contained in the conference report.

You will remember that when the House District Committee came before this House along the latter part of February or early in March we brought you what we thought was a well-considered, well-adapted tax program for the District of Columbia. It contained some clarifying provisions of the collection laws for taxes, set up a board of tax appeals, made some changes in the gasoline revenue, and finally incorporated an income tax. The House in its omniscience and in its infinite wisdom decided it would prefer to put that income tax in the discard rather than incorporate it into law, with the result that the bill left the House and went to the Senate minus a very substantial portion in the form of the income tax.

It was necessary to raise $2,500,000 revenue in order to balance the budget of the District. That would have been accomplished by the income tax. When the bill got over to the Senate that body restored the business-privilege tax that has been in effect in the District of Columbia for the last fiscal year. Do not forget that. The thing that we are reenacting in this bill, with some modifications, has been on the statute books of the District for the last fiscal year and is in operation at the present time. The present business-privilege tax raises approximately $2,000,000.

The business-privilege tax is the only point of disagreement between the three Members of the Senate and the two Members of the House on the one side and the chairman of the District Committee on the other; namely, the incorporation into this conference report and into the bill as enacted by the Senate the business-privilege tax.

I will be honest and fair with the Members of the House; I fought for an income tax. I do not approve this kind of legislation; but we are up against a real condition and not a

theory, and you have your choice: You can either follow the gentleman from Maryland when he makes his argument, and strike this out in order to help the Baltimore and Maryland merchants, or you can raise the real-estate tax upon the property owners in the District of Columbia. It is very easy to argue that the real-estate rate ought to be higher. It is very easy to argue that the swanky apartment buildings and hotels are not paying their portion of the real-estate tax; but the fact of the matter is that if you hike this real-estate tax from $1.75 to $2 you will be penalizing the small-home owner as well as the swanky apartment building.

You are going to penalize the man who is buying a home on contract as well as the man who owns the most palatial mansion on Massachusetts Avenue. I am not in favor of raising the real-estate tax in order to get this revenue, when we can do it for 1 year at least by means of a business-privilege tax.

I made a concession in conference by stating very explicity that I did not like a business-privilege tax but that I would go along if a limitation for 1 year is put on; so, this will run only for the fiscal year 1939, and no longer. By way of an offset provision we wrote into this bill that the Joint Committee on Internal Revenue and Taxation shall conduct a study between now and January next year and report the kind of a tax bill that is best adapted and best suited to the District of Columbia.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Speaker, I yield myself 5 additional minutes.

Mr. Speaker, it seems that despite the efforts of most of the members of the committee with reference to a tax bill, it has not found grace and favor with this august body. We shall have until next year to pursue a study on another very complicated tax bill. We are going to ask the joint committee that does work on a national scale to undertake this task, and I hope, if there is more dignity, more substance, and more ability in that committee, so far as revenue and taxation are concerned, that next year we shall inscribe upon the statute books for the District of Columbia a real, durable, genuine tax bill.

I am appealing to you now in anticipation of the very persuasive argument that my good friend from Maryland is going to make to you in a little while to stand by five out of the six conferees, that you stand by my friend the gentleman from Oklahoma [Mr. NICHOLS] and myself. The gentleman from Oklahoma [Mr. NICHOLS], incidentally, was chairman of the subcommittee that gave months of study to this matter. He was in favor of an income tax, as was I, but we cannot be choosers in the matter. We are squarely up against the job of providing about $2,500,000 of additional revenue for the District of Columbia in order to avoid the necessity of the Commissioners exercising a discretionary power that they now have under the law of raising this real-estate tax to $2.

If you want to penalize all the little-home owners, then I suggest you vote against the adoption of the conference report. If, on the other hand, you are willing to go along with five out of the six conferees and put this on the books for another year until we can fabricate a good, worth-while tax program for the Nation's Capital, then I suggest that you follow five-sixths of the committee and vote to approve the conference report as it is submitted to you today.

That is all I have to say. I am going to yield a few minutes to the gentleman from Indiana [Mr. GREENWOOD].

Mr. FORD of California. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from California.

Mr. FORD of California. In most States the average home owner pays a good deal more than $2 a hundred tax.

Mr. DIRKSEN. The gentleman must remember that the tax rate is predicated on full valuation and it lies wholly in the mind of the assessor usually as to what constitutes full, fair, cash value, or market price. If you will compare the actual tax in dollars and cents that is paid by the average home owner in the District of Columbia with what is paid in the State of California, you will find that they do not miss your valuation and your aggregate tax very far.

This committee has had an opportunity to make these studies. We are not guessing at it because in the hearings we inserted a number of properties to show the comparative taxation in the different jurisdictions. Do not be misled by that argument.

Mr. LAMNECK. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Ohio.

Mr. LAMNECK. Is it not true that the business people of the District are in favor of continuing this business-privilege tax another year?

Mr. DIRKSEN. The businessmen mainly are in favor of continuing this for another year.

Mr. Speaker, I now yield 7 minutes to the gentleman from Indiana [Mr. GREENWOOD].

Mr. GREENWOOD. Mr. Speaker, it is always difficult to adjust taxes as between various groups. We must all admit there are inequalities in any sort of tax law when we compare one group with another, but I think the conferees in this report have worked out their differences and have a conference report that should be approved.

Much has been said this morning about a business-privilege tax. In Indiana we have a similar tax which we call a gross-income tax. There is a small tax paid on the volume of gross sales or income of all classes, even down to those who obtain salaries. The rate is small but the amount of taxes raised is quite substantial. I am in favor of that type of tax rather than to raise the tax on real estate, because a real-estate tax falls as a burden largely upon the home owners. Many of the home owners of the District of Columbia, the same as in the various States, own but a small equity in the particular piece of property. They may have paid $1,000, $2,000 or so and are paying on the partial-payment plan, yet the appraisement on that real estate, of course, is always at the full proportionate value. This makes the burden of taxation on the home owner extremely high for the amount of investment or money he has in the property. But on a gross-income or business-privilege tax, they pay upon volume. If a man does a hundred thousand dollars' worth of business a year, he pays on that hundred thousand dollars of business. People do business for profit and if they have volume and do not make a profit there must be something wrong with the management. It is just to pay a tax on volume. A business firm that does $100,000 worth of business ought to pay more tax than a small firm.

After all, the businessmen in the District of Columbia have the great advantages of streets, lights, fire protection, and police protection. This is one of the richest spots in the United States in which to transact business, because Uncle Sam is the best paymaster in the United States. There is more money circulating around here than in any other State or community in the United States. There is more sure money here. There are also thousands of tourists and visitors who come in here and help contribute to this gross-income or business-privilege tax. These visitors and tourists spend their money here in the Capital.

Mr. Speaker, I say that this is a just tax. The statement is made that perhaps they do not make a profit.

If they have volume, they make a profit and they pay on volume. Since when has that been used as a basis for figuring taxes? Suppose a man has a dwelling and it is vacant 6 months of the year, do the taxes cease on that because it is vacant and is yielding the owner nothing? If a man has a business building and it is vacant, he does not get any profit from that. Do we waive taxes on that building? Not at all. He pays just the same. This business-privilege tax is not based on the theory that he receives a profit, but it is based on volume. Any businessman who has volume ought to receive a profit or there is something the matter with the management. This tax ought to be carried like insurance or the cost of hired help or improvements or anything else, in the overhead expense of business. The businessman ought to pay something to

his Government in the way of a small tax for the privilege of transacting business, and he should carry it as one of the overhead expenses of his business because of the advantages he receives from the municipal government.

I know the chairman of the committee, the gentleman from Maryland [Mr. PALMISANO], will argue that this additional tax on beer ought not to be placed, but as between a tax on the sale of beer and a tax on the home owner, I am in favor of increasing the tax on beer and giving the advantage to the home owner.

This administration has made a very generous effort to help the home owners of America to own homesteads in which to house their families. The administration set up the Home Owners' Loan Corporation, which has redeemed thousands of homes and helped people to pay for their homes. We want to make America an advantageous place for men and women to have their homes. The civilization and progress of this country and of every nation are based upon the number of home owners we have. Where any advantage is to be given to any taxpayer, it ought to be given to the home owner because of the many other expenses he has to meet in the maintenance of his home and because he does not keep a home for profit but because of social security and for the advancement of our civilization and progress. I would even be willing to lower the tax upon homes or real estate, or give the owners some some of exemption, and place the burden upon business by way of a business-privilege tax, or upon beer or some other commodity. I am one of those who believe the home owner ought to be given an advantage in the way of taxation as far as possible, not in the entire elimination of the tax burden, as he ought to pay his part, but he should not have an extra burden placed upon him because he has a little property that is out in sight where the assessor can see it.

Mr. O'CONNELL of Rhode Island. Without homes there would be no government.

Mr. GREENWOOD. I thank the gentleman for his contribution. Without homes in America or in any other nation there would be no civilization, no government, or no progress.

I am for this report, and I am for the increased tax that has been placed on beer. Some people have to have beer, or so they say, but I believe we need homes more than we need the sale of beer, so I believe they can carry that load. On gasoline a volume tax, a special tax, is paid without an exemption. If those who sell gasoline can add 2 cents a gallon to the price, and on oils in accordance, and the Federal Government can also levy a Federal tax, and they can pay it, other lines of business can pay a similar tax for the advantages they receive. [Applause.]

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. BIGELOW].

Mr. BIGELOW. Mr. Speaker, if we were to put a 4-percent tax on the entire land value of the District of Columbia we could abolish all other taxes, including all taxes on the home owners' houses. However, I want to address myself to this proposal.

I am against agreeing to this report, first of all, because I am against the principle announced here by the gentleman from Oklahoma [Mr. NICHOLS] as to broadening the base of taxation. We have the personal-property tax, we have a real-estate tax, and we have beer taxes, and now you want a business-privilege tax, and you would like to have a sales tax. I am asking, however, if you have all these taxes, who is going to pay them except the people who either own homes or rent homes. It is proposed to let this thing stand, which means you are going to put a business-privilege tax upon people whom all the home owners and home renters have to pay, and you are going to spend $40,000 in overhead to collect this tax. On the other hand, if you raise additional revenue by an increase of a few cents in the real-estate tax it will not cost you a nickel. I will venture that the people who own or rent homes would be paying less if you did that than if you put on this business-privilege tax.

Again, if you raise the real-estate tax by the few cents necessary, the people of this District will still be paying lower real-estate taxes than the people of any city of comparable size in the United States, with the single exception of Baltimore. I cannot understand the love the Members of this House have for the landlords of this city in that you should insist upon keeping a rate of taxation upon them lower than the rate the owners of real estate in our own homes have to pay. [Applause.]

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. ARNOLD].

Mr. ARNOLD. Mr. Speaker, I am grateful to the chairman of the committee for yielding me 2 minutes of his time, because I am on the opposite side with reference to this business-privilege tax. As a member of this subcommittee, I may say we labored long and diligently on the business-privilege tax, and at the request of the businessmen of the District we inserted another tax, the income tax, which was stricken from the bill in this House. The bill went to the Senate, and there our business-privilege tax was inserted. I am one who does not believe the business-privilege tax is the best tax in the world. I favor a sales tax for this District, the same as I favor a sales tax for the States of the Union, but they say we cannot pass a sales tax for the District of Columbia in this Congress. I believe the business-privilege tax is the next best tax to adopt to supplement the real-estate tax. The real-estate tax rate in this District seems low, but I may say to you the valuation in many cases is more than the price at which the property will sell. As a result, the amount of dollars in taxes paid by the people of the District equals or compares favorably with that paid in other jurisdictions in this Nation. I am opposed to real estate bearing the burden of all the taxation to run the District of Columbia. I favor the adoption of this business-privilege tax to supplement the real-estate tax.

Mr. Speaker, I hope the House, in its wisdom, will adopt the report of five of the six conferees and agree to this business-privilege tax for the District of Columbia.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia [Mr. TARVER].

Mr. TARVER. Mr. Speaker, if the gentleman from Oklahoma is correct in his interpretation of what this conference report means, it ought to be unanimously rejected. It contains one provision which I believe, if you clearly understand, you will agree with me is exceedingly iniquitous. In effect, it provides that whenever a traveling salesman, and I am stating it now not in the language of the report, but in common, everyday language, representing a firm or corporation in your State or mine, comes into the District of Columbia and takes an order for the subsequent delivery of goods which are thereafter shipped in interstate commerce, that concern in your State or mine must pay a gross-receipts tax tc the District of Columbia.

If any such proposal should be made by a State legislature, endeavoring to levy a gross-receipts tax upon transactions in interstate commerce occurring in that State, there would be no question in the mind of any lawyer but that the proposal would be absolutely in violation of the Constitution of the United States and an undue and illegal burden on interstate commerce. In my judgment, the situation is not distinctly different because Congress is acting for the District of Columbia, because when it acts for the District its duties are analogous to those of a State legislature. However, if the situation were otherwise, and if the provision were constitutional, I submit to you that it is distinctly unfair that Congress should be willing to levy for the District of Columbia a character of tax on interstate commerce, commerce with the several States, which the States themselves cannot levy upon commerce with the District of Columbia or with each other.

Consider what this means. If a traveling salesman representing any of the great business houses of the country comes into this District and takes an order for the delivery

of goods, it is proposed here to tax that transaction by the authorities of the District. In my State, and in my own district, we have concerns who ship into the District of Columbia yearly hundreds of thousands of dollars worth of goods—bedspreads, for example. Some of them send agents up here to take orders, and that is the sole extent to which they engage in business in the District of Columbia, and yet under the proposal contained in this conference report it is intended to levy upon their sales here a gross-receipts tax. I say it is in violation of the Constitution, and even if that were not so, it is in violation of every principle of justice and of fair dealing, and so far as I am concerned I am tired of the actions of the men who, representing the District of Columbia here on this committee, are endeavoring to have the rest of the country pay taxes for the maintenance of the government of the District of Columbia.

Mr. DIRKSEN. Mr. Speaker, will the gentleman yield?

Mr. TARVER. I will be glad to yield to the gentleman, who is one of the gentlemen whom I had in mind. The gentleman agitated a while back for having Members of Congress pay income taxes to support the government of the District of Columbia and now he wants the business of the other States of the Union to contribute to the maintenance of the government of the District.

Mr. DIRKSEN. We could do without the gratuitous observations of the gentleman from Georgia, but will the gentleman point out the language of the bill where we are in contravention of the commerce clause of the Constitution? I defy the gentleman to do it.

Mr. TARVER. Oh, the gentleman may defy——

Mr. DIRKSEN. Point out the language.

Mr. TARVER. Every lawyer on this floor knows that it is beyond the power of a State legislature to impose any burden of this kind upon imports coming into a State, to impose any burden upon interstate commerce, and I had stated, if the gentleman had been listening to what I had said, that in the discharge of its duties as a legislative body for the District of Columbia, Congress is performing duties analogous to the duties of a State legislature, and it ought to be held, in my judgment, substantially to the same rule either as a matter of constitutional law or as a matter of justice and of fair dealing.

Mr. DIRKSEN. The gentleman still has not pointed out the language in the bill.

Mr. TARVER. That is only the gentleman's opinion. The language was pointed out in the beginning of my remarks.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield myself 15 minutes.

Mr. Speaker, before I proceed on this bill, I would like to correct some of the statements made by my colleagues the gentlemen from Illinois, Mr. DIRKSEN and Mr. ARNOLD. They said I was the only member of the conference committee who was opposed to this legislation. The true story is that both these gentlemen from Illinois and my good friend here from Oklahoma were members of the committee considering the tax question, and in the committee print they put the privilege tax and an income tax.

We had 292 pages of testimony before the committee. It was the universal testimony of all who appeared before the committee, whether they lived in the District of Columbia or elsewhere, that they condemned the business-privilege tax. For that reason the three gentlemen now representing the subcommittee who are now advocating the adoption of the business-privilege tax recommended to the whole Committee on the District of Columbia that the business-privilege tax be eliminated and that an income tax be substituted therefor.

While this matter was under discussion in the committee, I attended a meeting at the Willard Hotel where 1,500 merchants of the District of Columbia condemned the business-privilege tax 100 percent. When, however, an income tax was substituted, these same gentlemen came in and asked for the business-privilege tax. In other words, that attitude was, "Let us hit the little consumer as much as we can by way of a sales tax; but if you will not give us a sales tax, let us hit the little consumer as much as we can—not as much, perhaps, as a sales tax, but as much as we possibly can—by a business-privilege tax instead of the income tax."

Mr. FITZPATRICK. Mr. Speaker, will the gentleman yield?

Mr. PALMISANO. No; I cannot; I am sorry.

You heard the gentleman who preceded me say that this has been modified somewhat. Modified in behalf of whom? Modified in behalf of the big fellow at the expense of the little fellow. Let me call your attention to the testimony before the committee. I questioned my good friend from Oklahoma and called attention to the fact that the farmer and the man handling his produce would have to pay on the gross receipts of their business regardless of whether there was a profit or not; whereas the banker, the financier, paid only on his actual profit. I also called the attention of the gentleman from Oklahoma to the situation with regard to contractors. Remember, now, the farmer and the man who handled his produce pay on gross receipts; but the contractor over on the other side was given a lot of deductions. Whereas the farmer must pay on all his produce, the commission man who handles the farmer's produce and receives a commission from the farmer pays only on his actual income.

Let me show you the facts with respect to the bankers and financiers. The way the bill is drawn a banker may do a $200,000 business and make a net profit of perhaps $10,000, on which he would pay two-fifths of 1 percent under the bill. Should he pay two-fifths of 1 percent on the $200,000, it would amount to $800 on a profit of $10,000. But suppose the farmer—and what I say now I said last year; I opposed this same thing a year ago—suppose the farmer brought in $200,000 worth of produce. Even though he lost $50,000, he would still be compelled to pay a tax on the $200,000.

In reference to this exemption for contractors, I call attention to page 24, line 15 of the bill.

Mr. NICHOLS. Mr. Speaker, will the gentleman yield?

Mr. PALMISANO. I yield.

Mr. NICHOLS. The gentleman is mistaken.

Mr. PALMISANO. I am calling attention to page and line. Get the bill and see whether I am mistaken. The bill reads:

> With respect to contractors, the term "gross receipts" shall mean their total receipts less money paid by them to subcontractors for work and labor performed and material furnished by such contractors in connection with such work and labor.

What would happen if a contractor came into the District of Columbia and obtained a $1,000,000 contract? He would sublet it and all he would have to pay would be on the profit he made, $100,000 or so.

Mr. THOM. Mr. Speaker, will the gentleman yield?

Mr. PALMISANO. I yield.

Mr. THOM. But will not the subcontractors be subject to the same tax?

Mr. PALMISANO. Yes; but you exempt the general contractor.

That is true. How about the farmer who brings in goods to a merchant in the city? He pays on his gross receipts and the storekeeper who sells the goods pays on the basis of his gross receipts. Here you except the bankers, the railroads, and the general contractors, who only pay on the basis of the actual profit obtained.

Let me show you what my friend from Oklahoma had in mind when he talked about this. Speaking about the contractor, I call attention to this:

> Mr. NICHOLS. But if he is a good contractor he will very likely add two-fifths of 1 percent to the contract cost, which is part of the cost.
>
> Mr. PALMISANO. But sometimes the truth is when the contractor makes a contract he thinks he is hitting into good sand and dirt and finally he hits rock.
>
> Mr. NICHOLS. In which event everyone is sorry for the contractor, but we have pointed out that it is impossible to legislate for individual cases. We cannot do that. We have to pass legislation assuming that businessmen are businessmen. If they lose money, we are sorry. We simply cannot help that.

The Senators who put this privilege tax in eliminated the contractor. My good friend from Oklahoma, when we were considering the case, said they ought to be included. The Senators exempt them, as I have stated. Let me show you something else to demonstate how they are trying to hit the little fellows. Last year we had an exemption of $2,000. Can you imagine a man selling $2,000 worth of goods. He may make a profit at the rate of 20 percent, which would give him about $400 or $500 profit. He has to pay a tax. But the Commissioners of the District of Columbia thought that was too much of an exemption, so they wanted to eliminate that. In the bill it is set at $1,000. We asked them why, and they said that all of the taxicab drivers were claiming that they did not earn $2,000 and the Commissioners said they want to catch them all, so recommended that it be put back to $2,000.

I am only calling this to your attention to show the attitude of the people in the District who are recommending this bill. They want to eliminate the million-dollar contractor, but want to put the taxicab drivers within the $1,000 limit and will not exempt the so-called little merchants of any kind.

The statement has been made that this tax will be put on the real-estate owners. The tax rate here is $1.75. Under the general law the District Commissioners have a right to raise or reduce the real-estate tax. In many instances they have reduced, but never raised. We compelled them to raise it to $1.75, and this bill now calls for $1.75.

Mr. LUCAS. Will the gentleman yield?

Mr. PALMISANO. I yield to the gentleman from Illinois.

Mr. LUCAS. Is that rate based on the full valuation?

Mr. PALMISANO. I do not know. That is a question of appraisal.

Mr. LUCAS. It is very important when you make a comparison with other cities.

Mr. PALMISANO. That is what they say. I do not know. I do not think any Member can say that is true unless he takes the statement of someone else.

Mr. LUCAS. It is very important if you are making a comparison with some other city to ascertain whether it is based on full valuation or partial valuation.

Mr. PALMISANO. They say that is true, but I know nothing about it. I would be compelled to repeat what I have heard, which would be hearsay evidence.

I hope the conference report will not be adopted. The Commissioners will have the right to raise the taxes from $1.75 to $1.90 or $1.95, which will be sufficient to make up the deficit. Not only that, but the Commissioners of the District of Columbia do not consider the proceeds from the various license laws as a revenue-producing proposition. The baseball ground out here pays $5 a year. Drug stores pay $12 a year. The Commissioners say that is all it costs a year to cover inspection, as it is called. I say if we turn down the report this year, the Commissioners next year will come in here with some sort of a recommendation that is more satisfactory. If we turn down this conference report it will make them get down to work and they will bring in here a revenue bill that we can all agree to and not have a lopsided bill wherein they tax the little fellow and exempt the big fellow wherever they possibly can. It is the duty of the Members of the House to vote down this conference report, thereby telling the Commissioners to study and work a little more and bring in a proper bill for the Members of Congress.

I hope this conference report will be voted down.

Mr. Speaker, I yield back the balance of my time.

Mr. NICHOLS. Mr. Speaker, I hope no one in the House will fail to understand the position that my distingushed friend from Baltimore finds himself in as chairman of this committee. By reason of the close proximity of Baltimore to Washington and by reason of this tax and the feeling of the businessmen in Baltimore, my friend could take no other position than that which he has taken. The gentleman from Maryland [Mr. PALMISANO] had something to say about contractors. This is only a sensible proposition. We, of course, provided that the main contractor would pay on that part of the contract money he had left over and that the subcontractor, to whom the general contractor sublets, under his contract would pay on his part of the contract. That is all there is to it.

Mr. PALMISANO. Will the gentleman yield?

Mr. NICHOLS. I only have 4 minutes.

Mr. PALMISANO. That is true so far as the general contractor is concerned, but I cite testimony on page 143 wherein the gentleman stated that was not true.

Mr. NICHOLS. Oh, yes. The contractors wanted to be exempted.

Mr. PALMISANO. Does the gentleman relieve the farmers of their sales and put them on any other basis except gross receipts?

Mr. NICHOLS. The gentleman will have to yield me more time if he is going to make a speech. Insofar as the farmers are concerned, in the first place the business they do in the District is practically nil. I venture the assertion that the farmers that bring produce to the District of Columbia and sell it on the street never pay a penny of tax. Who is going to collect it? What is the machinery provided to find out when they sell a head of lettuce or a bunch of radishes? That is just simply ridiculous. Of course, we made provision for the produce man, because he deals in a tremendous volume of business and on the very narrowest margin of profit. We exempted banking institutions. We did that because they already pay from 4 to 6 percent gross on every dime's worth of business they do.

The gentleman from Maryland [Mr. PALMISANO] talks about the exemption of $1,000. It is now $2,000. We put it right back where it was last year. The Senate did reduce it to $1,000. In the conference we conferees insisted that it go back, and it is in the bill today at $2,000. The license fee, of which the gentleman speaks, is on the books at $5 for the ball park, $12 for drug stores, and so forth. I have been trying to get that revised ever since I have been here. We should not blame the Commissioners, because they cannot do anything about it. That is the province of this body, and we have to do it. This is the only bill I know of that will make the ball park pay anything like its proportionate share of the burden of taxes, because under this bill they will pay two-fifths of 1 percent on the gross business done at the ball park, whereas, before this bill, do you know what they paid? Five dollars per annum, and that is all.

Insofar as this bill applies to nonresident merchants who do business in the District of Columbia, as I pointed out earlier, last year the corporation counsel's office made a ruling that they would have to pay a business-privilege tax on all the business they did in the District of Columbia. The reason they had to pay all that was that when we wrote the bill last year we failed to provide in it for allocations. This year we have written into the bill a provision for allocation, and I will give you an example.

Mr. FULMER. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. Let me finish my statement, and then I will yield.

Last year if a Maryland company shipped a carload of gasoline to the District of Columbia and sold it in the District the company had to pay a tax on the entire carload of gasoline.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield 1 additional minute to the gentleman from Oklahoma.

Mr. NICHOLS. Under this year's allocation provision the merchant could find that only 50 percent of the gasoline was sold in the District of Columbia, so he would have to pay a tax on only 50 percent. So it would apply to other businesses.

The gentleman from Maryland says that when we had this bill up for consideration nobody testified in behalf of the

business-privilege tax. The gentleman is correct. Every citizens' association in Washington representing the businessmen of Washington wanted to impose a sales tax on the District of Columbia and its citizens in order that business would not have to pay the tax. After we put an income-tax provision into the bill the same citizens' associations appeared before the Senate committee and insisted the income tax would cost them more; so it was they who helped you vote down the income-tax provision, and then they went before the Senate committee and asked for this business-privilege tax. No later than this morning Mr. Caruthers, president of the Federation of Citizens' Associations in the District of Columbia, representing thousands of businessmen in the District, called my office and said they were 100 percent behind the passage of the business-privilege tax, so they have done an exact about-face. [Applause.]

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I wish to thank my colleague, the gentleman from Oklahoma, for telling you, as I did, that there was not a single individual in the District who wanted this business-privilege tax, because, as I said, certain people wanted a sales tax which hit the little consumer more, but the minute they realized it would cost them a little more by an income tax, the very men who recommended to our committee that we vote against the business-privilege tax went to the Senate and, to use a common expression, double-crossed the District Committee of this House. They said "no" here and then "yes" on that side.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. PALMISANO. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. PALMISANO. As I understand, a vote against the conference report will be "no," and I would be confirmed.

The SPEAKER. The Chair is of that opinion.

The question is on the conference report.

The question was taken; and on a division (demanded by Mr. PALMISANO) there were—ayes 94, noes 32.

So the conference report was agreed to.

A motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

A mesage from the Senate, by Mr. Crockett, its Chief Clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9682) entitled "An act to provide revenue, equalize taxation, and for other purposes."

The message also announced that the Senate insists upon its amendments to the bill (H. R. 10216) entitled "An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1939, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. TYDINGS, Mr. BYRNES, Mr. ADAMS, Mr. MCCARRAN, and Mr. HALE to be conferees on the part of the Senate.

INSURANCE OF TAXICABS IN THE DISTRICT OF COLUMBIA

Mr. PALMISANO. Mr. Speaker, I call up the conference report on the bill (H. R. 7084) to provide that all cabs for hire in the District of Columbia be compelled to carry insurance for the protection of passengers, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The Clerk read the title of the bill.

Mr. O'MALLEY. Reserving the right to object, Mr. Speaker, may I ask the gentleman from Maryland what agreement can be made with regard to the division of time on this matter?

Mr. PALMISANO. Under the rule I am allowed an hour, but I am willing to give half that time to the opposition, led by the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. The gentleman, of course, controls the time and he will have to parcel it out.

Mr. PALMISANO. I am willing to divide the time and yield the gentleman from Illinois 30 minutes in order that he may distribute that time to Members opposed to the bill.

Mr. DIRKSEN. Very well, that is agreeable.

Mr. O'MALLEY. Will 30 minutes accommodate those who desire to oppose this report?

Mr. DIRKSEN. I will be very generous in yielding time, I may say to the gentleman from Wisconsin.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7084) to provide that all cabs for hire in the District of Columbia be compelled to carry insurance for the protection of passengers, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 4, 5, 7, 8, 9, 11, 12, 14, 15, 16, 17, and 18, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In addition to the matter proposed to be stricken out by the Senate amendment, on page 2, line 7, of the House bill strike out "surety or"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In addition to the matter proposed to be stricken out by the Senate amendment, on page 2, line 17, of the House bill strike out "bond or undertaking or"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: On page 2, line 15, of the Senate engrossed amendments strike out "at" and insert "and"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows: On page 3, line 13, of the House bill strike out "twenty" and insert "ten"; and on page 3, line 14, of the House bill, strike out "or termination"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

"SEC. 3. Any corporation, company, association, joint-stock company or association, partnership or person, and any lessee, trustee or receiver, who violates any of the provisions of this Act, or the regulations lawfully promulgated thereunder, shall, upon conviction, be punished by a fine of not more than $300 or by imprisonment for not more than ninety days, and by cancelation of license. For violations of this Act, the Commissioners of the District of Columbia are authorized to suspend or revoke licenses issued under paragraphs 31 (c), (d) and (e) of section 7 of the Act entitled "An Act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes", approved July 1, 1902, as amended; and any such suspension or revocation may be without prior conviction."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same.

VINCENT L. PALMISANO,
JACK NICHOLS,
Managers on the part of the House.

M. E. TYDINGS,
HERBERT E. HITCHCOCK,
H. STYLES BRIDGES,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7084) to provide that all cabs for hire in the District of Columbia be compelled to carry insurance for the

protection of passengers, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendments Nos. 1, 2, 6, 7, 11, 15, and 17: The House bill provided that every person operating a motor vehicle for hire in the District of Columbia should be required to file with the Public Utilities Commission for each such vehicle a bond or policy of liability insurance or certificate of insurance in a solvent and responsible surety or insurance company authorized to do business in the District. It was also provided that any owner of a public vehicle required to file such a bond or policy might in lieu thereof file a blanket bond or policy in an amount not to exceed $75,000 or create and maintain a sinking fund not in excess of that amount. The blanket bond or policy, or the sinking fund if that was created, was to cover all vehicles operated by the same owner.

The Senate amendments provided merely for the filing with the Public Utilities Commission of insurance policies, and the provisions of the House bill with respect to bonds, blanket bonds, blanket policies, and sinking funds were eliminated. The conference adopts the policy of the Senate amendments.

On amendments Nos. 4, 5, 12, 14, and 16: These amendments are purely clarifying. The House recedes.

On amendment No. 3: This amendment added a provision that any insurance company authorized to do business in the District which issued insurance policies for the purpose of the bill should be a company subject to the act of March 4, 1922, relating to the organization and operation of mutual insurance companies. The House recedes.

On amendments Nos. 8 and 9: The House bill provided that the bond or policy issued for the purposes of the act might limit the liability of the surety or insured on any one judgment to $5,000 for bodily injuries or death and $1,000 for damage to or destruction of property.

These Senate amendments provide that the insurance policy shall limit the liability of the insurer on any one judgment to "not less than" $5,000 for bodily injuries or death and "not less than" $1,000 for damage to or destruction of property. The House recedes.

On amendment No. 10: The House bill provided that any policy of liability insurance should be issued only by insurance companies authorized to do business in the District and that any surety bond or undertaking should be insured by a corporate surety approved by the superintendent of insurance of the District. The superintendent of insurance was also authorized to make reasonable rules and regulations relating to the rating of taxicab insurance and was empowered to determine the maximum rates to be charged on such insurance. This amendment requires each insurance company authorized to do business in the District or the rating organization of which it is a member or subscriber to file with the superintendent of insurance every rate manual, schedule of rates, rating plan, and other information concerning insurance required by this act. It also prohibits unfair discrimination in cases where the risks are essentially the same. The superintendent is also authorized after notice and hearing to order the removal of any unfair discrimination in rates and to order an adjustment of rates whenever he finds that an excessive, inadequate, or unreasonable profit will be produced. The House recedes with a clarifying amendment.

On amendment No. 13: The House bill provided that no bond or insurance policy should be canceled unless not less than 20 days prior to such cancelation notice of intention was filed in writing with the Public Utilities Commission. This amendment strikes out 20 days and inserts 10 days, and the House recedes with a further clarifying amendment.

On amendment No. 18: This amendment requires all vehicles subject to the provisions of the act to be kept in a clean, sanitary, good mechanical condition at all times, subject to regulations of the Public Utilities Commission, and the Traffic Act of March 3, 1925. The House recedes.

On amendment No. 19: This amendment, in addition to the penalties provided by the House bill, provides for canceling the license of any person violating the act. The Commissioners of the District are also authorized, in cases of violation of the act, to suspend or revoke licenses issued under paragraphs 31 (c), (d), and (e) of section 7 of the act of July 1, 1902, as amended, and any such suspension or revocation may be without prior conviction. The House recedes with clarifying amendments.

The House recedes from its disagreement to the amendment of the Senate to the title of the bill.

VINCENT L. PALMISANO,
JACK NICHOLS,
Managers on the part of the House.

Mr. PALMISANO. Mr. Speaker, I yield 5 minutes to the gentleman from Oklahoma [Mr. NICHOLS].

Mr. NICHOLS. Mr. Speaker, this is a conference report on a bill which is known as the taxicab-insurance or taxicab-liability bill. It provides simply that motor vehicles operated for hire in the District of Columbia will be compelled to carry insurance for the protection of those people who pay to ride in their vehicles and other pedestrians and automobiles driven on the streets of the District of Columbia.

There will be injected into this debate quite a lot of what I presume to be extraneous matter. There is only one question involved here and that is this: Do you think that when your wife and your little kiddies get into a taxicab and pay that taxi driver or that taxi company money to transport them to some other part of the city, they should be protected from accidents by compelling that taxi driver or that taxi owner to make himself financially responsible for the protection of the life and limb of your tender children and mine by taking out insurance which will make him financially responsible? That is the only question involved.

There is an argument between some of the taxicab operators of the District of Columbia who say that they should be permitted, instead of taking out insurance, to post a cash bond, making an insurance company out of themselves, and let them control the fund which will pay you if you are injured, and not turn it over to an insurance company.

I know this argument is going to be made, and I would like to read you just one paragraph, if I may, from a letter, a closed letter, I may say, which was circulated among the drivers of the biggest taxicab fleet operating in the District of Columbia, and I am going to ask unanimous consent that I be permitted to insert these two letters in the RECORD, because I do not care to take your time to read all of them.

I read excerpts from one dated January 17, 1938. They are talking about an amendment to the House bill which provided for the company putting up a cash bond, and they are explaining the amendment to their cab drivers:

> And the proposed amendment would allow an individual with one cab to post $5,000, instead of paying an insurance premium of $360 a year to operate a taxicab.

In other words, this big fleet-operated taxicab company is so interested, as they say, in the individual driver, the little independent driver who owns his own car, that they want to fix it so he will put up $5,000 in lieu of paying an insurance premium. Do you not know there is not a taxi driver on the streets of Washington that could put up $5,000 cash bond, and they know it. They want to fix it so that you will force into their organization every poor little independent taxi operator in the District of Columbia. But this is the most interesting part of the letter—and I quote again from the letter:

> Any cash or collateral deposit and/or sinking fund herein provided for shall be exempt from attachment or levy for any obligation or liability of the depositor hereof, save as herein provided.

In other words, they want to get themselves in the shape they are in now, where they collect 60 cents a shift, or $1.20 for two shifts, from the drivers who drive their association cabs, and they put this into a sinking fund, but the sinking fund is not attachable. It is not even kept in the District of Columbia. It is placed in trust some place—God knows where. They have never disclosed it.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield the gentleman 2 more minutes.

Mr. NICHOLS. And they now want this amendment back in the bill, and they had the temerity to tell their cab drivers that they wanted it back in there so this cash fund could be set up, but that it would not be nonattachable.

I will have more to say on this as soon as some of my distinguished friends have told you the many reasons why this should not be passed. I hope you will stay here, because I believe I can give you some very interesting facts about this situation as we go along.

I ask unanimous consent, Mr. Speaker, to extend my own remarks in the RECORD and include therein the two letters I have referred to.

The SPEAKER pro tempore (Mr. BUCK). Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The letters referred to are as follows:

MEMORANDUM

JANUARY 17, 1938.

Re compulsory taxicab liability insurance bill—H. R. 7084.

From time to time bills have been introduced in Congress providing for compulsory insurance for taxicabs. In each such proposed bill there has been the requirement for an insurance policy or a bond. It is a well-known fact that the premiums for taxicab insurance are so great that they are prohibitive. In addition thereto, investigation will disclose that very few reputable companies, if any, will accept taxicab insurance. It can be further demonstrated that no dependence can be placed in the companies which accept such insurance. What they do is to accept premiums until such time as claims begin to accumulate, and thereupon they go into bankruptcy. While the present Financial Responsibility Act of Congress, in effect in the District of Columbia, covers all vehicles, including passenger vehicles for hire, most taxicab operators have no objection to the requirement for compulsory taxicab insurance, provided individual owners or the members of associations are given an opportunity to deposit cash or provide a sinking fund for the payment of judgments in lieu of the giving of a policy of insurance or a bond. There appears no valid reason why this should not be permitted. It merely allows individuals and associations to become self-insurers upon the depositing of proper security, as surely cash security is as sound as can be had.

The thought in mind is that in lieu of insurance or bond the operator, controller, manager, or renter of a public vehicle may either (1) file with the Public Utilities Commission an admission of liability in conformity with the principle of respondeat superior for the tortious acts of the drivers of such of the vehicles aforesaid as shall be driven with the trade name or insignia of such operator, controller, manager, or renter displayed thereon, together with a blanket policy of insurance, or a blanket bond, for the purposes of the act, covering any vehicle in an amount depending upon the number of such vehicles operated by an individual or an association; or (2) upon the filing of such admission of liability, provide and maintain a sinking fund in corresponding amounts and deposit the same in trust for the purpose of the legislation with such person, official, or corporation as the Utilities Commission shall designate.

The thought behind this suggestion is that the statistics will show hundreds of thousands of dollars paid to insurance companies, only to have the insurance companies go into bankruptcy when claims become due and payable. The average cost for insurance of this kind is $360 a year per cab.

At the foregoing rate, in the case of an individual or association operating 1,200 cabs, the premium per year thereon would be $438,000. Reason dictates that it is far better this money be reserved to meet claims for injuries sustained on account of the operation of such cabs rather than be expended for insurance or bond premiums.

The proposed amendment will accomplish the public purpose desired and, as worded, works no greater hardship on the individual owner than on members of an association of taxicab operators. It merely permits an individual or association to place cash collateral or good securities, for instance, United States bonds, by way of guaranty. Certainly an individual should be permitted to deposit cash or Liberty bonds, by way of protection to the public, if he so elects.

And the proposed amendment would allow an individual with one cab to post $5,000 instead of paying an insurance premium of $360 a year to operate a taxicab.

An association operating or controlling 300 cabs could deposit $20,000 cash or give a bond or policy in that amount. The cost of insurance for 300 cabs would be, however, $108,000; the yearly premium for 500 cabs would be $180,000.

It is a harvest for insurance companies.

Furthermore, when an association files an admission of liability as called for by the proposed amendment its liability would not be limited to the one-thousand property—five to ten thousand personal-injury amounts fixed by the act.

PROPOSED AMENDMENT TO H. R. 7084, SEVENTY-FIFTH CONGRESS, FIRST SESSION, CALENDAR NO. 1228 (REPT. NO. 1179) BEING A BILL TO PROVIDE THAT ALL CABS FOR HIRE IN THE DISTRICT OF COLUMBIA BE COMPELLED TO CARRY INSURANCE FOR THE PROTECTION OF PASSENGERS, AND FOR OTHER PURPOSES," PASSED BY THE HOUSE AND NOW PENDING BEFORE THE SENATE

Following the word "act", page 4, line 21, add a new paragraph, to read:

"Any owner of a public vehicle required hereby to file a bond or policy of insurance may, in lieu thereof:

"(a) For each such vehicle deposit with any individual or corporation approved by the Public Utilities Commission, in trust for the payment of any judgment recovered against such owner, as provided in this act, either $5,000 in cash, or negotiable collateral of the value, to be determined by said Utilities Commission, of $5,000, and additions to such collateral deposit may be ordered by said Utilities Commission if, in the judgment of said Commission, additional collateral is necessary to maintain said deposit as of the value of $5,000.

"(b) File with the Public Utilities Commission, conditioned as required by this act, and covering all vehicles lawfully displaying the trade name or identifying design of any individual, association, company, or corporation, a blanket bond, or a blanket policy of liability insurance, in amounts, respectively, for the operation of:

1 to 300 passenger vehicles for hire	$20,000
301 to 500 passenger vehicles for hire	30,000
501 to 700 passenger vehicles for hire	40,000
Over 700 passenger vehicles for hire	50,000

"(c) Create and maintain a sinking fund and deposit the same, in trust, for the payment of any judgment recovered against such owner, as provided in this act, with such person, official, or corporation as the Public Utilities Commission shall designate, for the operation of:

1 to 300 passenger vehicles for hire	$20,000
301 to 500 passenger vehicles for hire	30,000
501 to 700 passenger vehicles for hire	40,000
Over 700 passenger vehicles for hire	50,000

"*Provided*, That should any such owner elect to comply with the provisions of paragraphs (a), (b), or (c) of this section, such owner shall first file with the Public Utilities Commission an admission of liability, in conformity with the principle of respondeat superior for the tortious acts of the driver or drivers of such vehicle or vehicles aforesaid as shall be driven with the trade name or identifying design of such owner.

"Any cash or collateral deposit and/or sinking fund herein provided for shall be exempt from attachment or levy for any obligation or liability of the depositor hereof, save as herein provided.

"Within the meaning of this paragraph, the word 'owner' shall include any corporation, company, association, joint-stock company or association, partnership or person, and the lessees, trustees, or receivers appointed by any court whatsoever, permitting his, their, or its trade name and/or identifying design to be displayed upon vehicles governed by this act."

Respectfully submitted.

E. ERWIN DOLLAR,
President, Industrial Brotherhood of Taxi Drivers.
ARTHUR S. HARDER,
Vice President, Industrial Brotherhood of Taxi Drivers.
HARRY C. DAVIS,
President, Independent Taxi Owners' Association.
LEON BRILL, JR.,
President, Bell Cab Association.
J. H. ROYER, JR.,
President, Premier Cab Association.

MARCH 30, 1938.

DEAR FELLOW MEMBER: On July 12, 1937, the House of Representatives passed a compulsory cab insurance bill, H. R. 7084. This bill included an amendment, which was introduced on the floor of the House and made a part of the original insurance bill.

This amendment was somewhat similar to the proposed amendment enclosed herewith. Such an amendment would permit the members of this organization to pay less money for a greater amount of protection than the prevailing excessive insurance premium costs. The prevailing rate for insurance in this city is $1 per day per cab, from reputable insurance companies. This rate is only $1 per day because the insurance underwriters have had no experience in this city. In other large cities where they have established experience ratings, the reputable insurance companies charge more than $1 per day for taxicab insurance.

When the House bill reached the Senate, it was very apparent that the Senate sponsor of this bill was determined, in my opinion, to eliminate the cash-bond arrangement, which passed the House of Representatives.

Do you believe the United States Congress should pass an insurance bill which would only enable certain interests to sell taxicab insurance at your expense for a nice profit?

On March 25, the Senate passed H. R. 7084, without the House amendment, which we were in favor of. In a few minutes after the passage of this bill in the Senate, a motion was made to reconsider the votes by which the Senate passed this bill. The writer cannot predict the final outcome of this bill in its present status.

However, I do not believe the members of this organization should advocate to Members of Congress that insurance without provisions for your association to settle its own accident claims in your behalf, is a good policy. Why should we leap into something to make the other fellow pay, because you pay, when none of us know how great the burden will be.

Trusting this will meet with your approval, I am,

Respectfully yours,

HARRY C. DAVIS.

Mr. DIRKSEN. Mr. Speaker, I yield 5 minutes to the gentleman from Wisconsin [Mr. O'MALLEY].

Mr. O'MALLEY. Mr. Speaker, the gentleman from Oklahoma has indicated that extraneous matter will be brought into this debate and as proof of that he introduced a couple of letters sent by some taxicab company. No extraneous matter is involved in this question. It is solely a question whether or not the House conferees represent the House or the other body. The conference report brought over here by

the House conferees takes out about 50 percent of the House bill, a bill that was absolutely satisfactory to most of the elements in the taxicab business and that was satisfactory to labor.

I am going to introduce a little extraneous matter myself now that the gentleman from Oklahoma has started. I have received and have here a letter from the American Federation of Labor which reads in part as follows:

This bill—

Speaking of the original House bill—

compels every taxi driver to carry liability insurance. We find the conference report is not in accordance with the bill as passed originally by the House in which form it was acceptable to the Washington Central Labor Union and to the local unions of drivers involved. It is understood by those interested that if the conference report in its present form is adopted that independent taxi owners in the District of Columbia will be put out of business and that the larger companies who proposed the provisions of this bill will be in complete control of the situation in this city. We, therefore, advocate the blanket provision as originally passed by the House and will appreciate efforts made by you and our friends to achieve this purpose.

Now, labor and its organizations can always speak to me when they speak on a subject that affects their workers; and here the Central Labor Union of the District of Columbia and the American Federation of Labor legislative representative want the House provision put back in the bill.

Now, if you will read page 5 of the House bill, you will see nothing unfair. It allows an option in addition to buying insurance from insurance companies.

It allows the associations of these cab drivers whether the associations are private associations or associations of union drivers, to post a bond, a certain amount of cash, and judgments can be levied against that bond. The conference report will, if adopted, have the effect of forcing the drivers into the hands of the insurance companies, a few of them already prepared to start a racket. In my own city for 10 years all cab companies have had the option of either buying insurance or posting a cash bond with the city attorney. The record shows that we have the lowest number of automobile accidents of any city. It likewise shows that valid judgments have been paid out of these bonds and these taxi companies immediately bring the cash bond back to the amount originally set in the city ordinance or lose their licenses. The public is protected and the men are not made the victims of an insurance racket.

Mr. SHORT. Mr. Speaker, will the gentleman yield?

Mr. O'MALLEY. I yield.

Mr. SHORT. And if this bill passes, the individual taxicab drivers in the District of Columbia will be forced to pay $1 a day insurance, or $360 a year. How many of them will be forced out of business?

Mr. O'MALLEY. About half of them.

Mr. SHORT. And when you force them out of business where will they go except on the relief rolls?

Mr. O'MALLEY. That is exactly the point. The gentleman is correct.

Mr. MURDOCK of Utah. But if we adopt the gentleman's theory, allowing the owner of a cab company to file a bond in lieu of insurance, do you not in effect say to the insurance companies, "Here is the taxicab business of the District; it is turned over to you absolutely"?

Mr. O'MALLEY. I do not see how anybody can prevent a group of taxicab drivers from forming an association and putting up the cash bond. Under the conference report we have here all of them have to buy insurance. Now, if the public is protected either by a cash bond or an insurance policy, if the driver were given the option that the House gave them, I do not see why we should adopt the conference report and destroy those options and throw these already underpaid drivers into the hands of the insurance companies, who can charge any rate they please under this conference report. The original provision in the House bill protected the public. That is what we were after. That was the impression I was under when we brought this bill in here—protection of the public; it does not make any difference how they are protected as long as they are protected and the House bill should be retained.

Mr. SHORT. In the gentleman's opinion, does this bill protect the public or does it promote the insurance racketeers?

Mr. O'MALLEY. The conference report that we are asked to adopt promotes insurance racketeers, mutual companies, whose history in the courts and every other place has been a national scandal. I am willing to trust the American Federation of Labor and their fellow workers of the Central Labor Union, who have come in here and asked us to restore the House provision. I hope those friends of labor whom we have heard from in the last 4 or 5 days will at least let labor speak for labor and give them some help now when they are fighting this unfair Senate bill that will destroy their livelihood.

Mr. Speaker, I ask unanimous consent to insert in the RECORD this letter from the American Federation of Labor.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

The letter referred to follows:

WASHINGTON, D. C., *May 3, 1938.*

Congressman O'MALLEY,
House Office Building, Washington, D. C.

MY DEAR CONGRESSMAN: I wish to direct your attention to the conference report on H. R. 7084, which, I understand, is to be considered today in the House.

This letter comes at a rather late date due to the fact that the Washington Central Labor Union did not act on the conference report until it met last night.

This bill, as you, of course, know, compels all taxi drivers to carry liability insurance. We find that the conference report is not in accordance with the bill as passed originally by the House, in which form it was acceptable to the Washington Central Labor Union and to the local union of drivers involved.

It is understood by those interested that if the conference report in its present form is adopted that the independent taxi owners in the District of Columbia will be put out of business and that the larger companies, who have pressed for the passage of this bill, will be in complete control of the situation in this city. We therefore advocate the "blanket provision" as originally passed by the House and would appreciate efforts made by you and our friends to achieve this purpose.

Sincerely,

WILLIAM C. HUSHING,
National Legislative Representative,
American Federation of Labor.

Mr. O'MALLEY. I want to state the parliamentary situation in the remainder of my time and before it is lost sight of in the remainder of the debate.

Until we vote down this conference report we are not in position to make a motion to insist on the House bill and the provisions that labor want. So vote down this conference report and direct your conferees to bring back a bill that will protect labor instead of some favored insurance companies.

[Here the gavel fell.]

The SPEAKER pro tempore (Mr. BUCK). Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. DIRKSEN. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Speaker, I do not hold a brief for any taxicab company or any taxicab driver in the District of Columbia. We all hold a brief, however, for the principle of keeping as many men employed as possible, no matter where they reside or what they might do. We have enough unemployment in the United States now and I am opposed to any policy, no matter by whom advocated, that will add to the list of the unemployed.

My honest opinion is when we impose an obligation on the taxicab drivers of the District of Columbia of a dollar a day for insurance we are adding to the unemployed. We are driving men out of employment and there is nowhere else for them to go. I am unwilling to regulate men out of their jobs and into the bread lines. It is estimated, if this amendment is agreed to, that we will add to the unemployed nearly 2,000 taxicab drivers in the District of Columbia.

Mr. NICHOLS. Will the gentleman yield?

Mr. DONDERO. In just a moment.

Mr. NICHOLS. Would the gentleman give the authority for that estimate? Who made the estimate? That is all I want to know.

Mr. DONDERO. The moment you impose an insurance obligation which raises the cost from 25 cents a day, which I understand is the amount collected from each driver now, to nearly $1 for insurance, you are compelling these men to go out of business because they cannot meet the additional obligation imposed upon them.

What are you gaining by doing that? If a cash bond placed with the District of Columbia has protected the public, and the taxicab companies or drivers have met their obligation and liability, either property damage or bodily injury, what have we to gain by imposing insurance upon them that they cannot hope to meet? That is the question we have to decide here this afternoon.

Mr. REED of New York. Will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from New York.

Mr. REED of New York. Has the gentleman looked into this situation—and I am not going to claim that the information I am about to give is accurate. I have talked with a great many taxicab drivers and I am informed that when Government employees get off in the afternoon these employees go out, rent these cabs, flock on to the streets, and take away the jobs of the taxicab drivers. That may be an extraneous matter, but has the gentleman looked into that?

Mr. DONDERO. No; I have not. That is an angle which I would not endorse.

Mr. REED of New York. I would like to get the truth about that matter.

Mr. DIRKSEN. I understand it has been ascertained that some 450 Government employees at one time or another have been driving cabs as a sort of side-line occupation in order to supplement their earnings. I doubt whether the number is quite so much today, but there was some testimony offered on that matter, and I think it was submitted to one of the committees of the House about a year ago.

Mr. REED of New York. I think that situation should be corrected.

Mr. NICHOLS. Will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Oklahoma.

Mr. NICHOLS. The gentleman from Illinois is right when he says it is estimated there are 450 Government employees who work all day in a Bureau downtown, then whip out their own individual taxicabs and drive them around for a few hours in the afternoon. Those fellows should not be permitted to compete with the men who earn all of their money driving a taxicab, and if we put insurance on these men they cannot afford to go in competition with the regular taxi drivers.

Mr. DONDERO. I may say to the gentleman from Oklahoma I do not believe the insurance route is the way to correct the evil.

Mr. O'MALLEY. If the District of Columbia Committee wants to stop Government employees from driving these taxicabs, that is the committee to do it.

Mr. NICHOLS. How can you pass a law stopping anybody from driving a taxicab? That is silly.

Mr. DONDERO. I am informed that one company over a period of 9 years has paid something like $700,000 in claims. They paid all the claims that arose. Whereas if they had been compelled to take compulsory insurance for the same length of time that company would have been compelled to pay out in insurance premiums nearly $2,000,000, or an increase of over 200 percent. It has meant a saving to these drivers and men of something like $1,250,000.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. MAVERICK. Will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Texas.

Mr. MAVERICK. I wish someone would answer this simple question: Why is it that a taxi driver has to pay $60 a month in premiums? I have a ten-twenty-thousand-dollar liability on my car and I think I pay about $65 a year. It seems to me that $60 a month is too much.

Mr. DONDERO. I do not understand it will be $60 a month. I think it will average about $1 a day. But to answer the gentleman's question, may I say that he drives his car for his private use. The taxicab is in operation all day for public use in all kinds of traffic. It is the nature of the risk that determines the premium or cost.

Mr. SHORT. It is the difference in the risk.

Mr. ROBSION of Kentucky. Will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. I want it made clear whether any taxicab drivers who have been licensed and who are driving their cars have evaded responsibility for personal injuries or property damage?

Mr. DONDERO. I do not understand they have. They must either be bonded in some association or carry insurance to protect the public.

Mr. ROBSION of Kentucky. Have there been any claims that remain unpaid?

Mr. DONDERO. It is my understanding there have not been except current claims in the process of settlement or judicial determination.

Mr. ROBSION of Kentucky. Why this legislation then?

Mr. DONDERO. It is just another way of imposing a regulation and restriction on a business that cannot stand the burden. That is the answer.

Mr. MURDOCK of Utah. Will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Utah.

Mr. MURDOCK of Utah. I do not want to assume to correct the gentleman, but I have made some investigation of this question of unpaid judgments. I am sure if the gentleman will go to the trouble to investigate the matter thoroughly, he will find that there are not only hundreds of them but probably thousands of unpaid claims in the District of Columbia by reason of irresponsible taxicab drivers.

Mr. DONDERO. I understand there is one association that has not met its obligations but if that association had placed a bond with the District of Columbia, as proposed by the House bill, the very thing of which the gentleman complains would never have happened because they would have had recourse to a fund with which to pay the damages.

[Here the gavel fell.]

AMENDMENT OF SECOND LIBERTY BOND ACT

Mr. DOUGHTON, from the Committee on Ways and Means, reported the bill (H. R. 10535) to amend the Second Liberty Bond Act, as amended, which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union and ordered printed.

INSURANCE OF TAXICABS IN THE DISTRICT OF COLUMBIA

Mr. DIRKSEN. Mr. Speaker, I yield 5 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Speaker, the gentleman from Oklahoma in opening his remarks said the question was simply whether or not you and I want to protect our families and our constituents while riding in the taxicabs of the District. In all fairness, I submit to the gentleman from Oklahoma, that is not the issue at all, because the House bill as amended by the Senate provided for compulsory insurance. The issue is whether or not you want to compel all taxicab owners to take out insurance with some insurance company. In the House bill we provided that the taxicab operators should have liability insurance, but we provided that if they saw fit they had the right to take advantage of the alternative of putting up a bond in the amount of $75,000. Individual operators, working together with others in an association such as the Diamond Cab, the Premier Cab, or the Bell Cab, could as an association under the House bill put up a bond of $75,000, not to be some place in another State but here

in the District, with the approval of the Public Utilities Commission, so the money would be here and could be attached. They would have the right to keep that $75,000 bond there to insure anyone who was injured as a result of the tortious act of any driver of a taxicab, and to see that the judgment would be paid. Certainly, that is ample protection. The Public Utilities Commission would have the duty and the responsibility of compelling that $75,000 fund to remain intact. It is ample. It would give the individual operators an opportunity to band together and create this fund, and it would enable them to give adequate protection to the people on the highways, but still would not compel them to pay extortionate prices and exorbitant fees to insurance companies. That is the only difference.

Mr. MURDOCK of Utah. Mr. Speaker, will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Utah.

Mr. MURDOCK of Utah. Is the gentleman interested in protecting the biggest cab company in Washington, D. C., or is he interested in protecting the little cab driver, the individual?

Mr. BOILEAU. I submit to the gentleman that this $75,000 bond is an alternative. The individual operator can still take out insurance, if he is not a member of an association.

Mr. MURDOCK of Utah. Yes; that is just it.

Mr. BOILEAU. That is the proposition. I may say further I had a conversation with the president and the secretary of the Interindustrial Brotherhood of Taxi Drivers, which is the association representing the little, individual driver who owns his own cab and is not a member of one of the associations, and they want the House provision enacted into law because they are of the opinion it will be to their best interests to join one of the associations already existing or form a new association of their own. These associations have proven to be a successful experiment in cooperation among these people. They can work for their best interests by associating under a trade name.

Mr. MURDOCK of Utah and Mr. SHORT rose.

Mr. BOILEAU. I will yield in just a moment.

It will be very easy, then, for them to create this $75,000 fund and keep it intact. They believe they could save a lot of money. I am certain it would give just as good protection to the people of the District and would protect them against any losses that might be occasioned by these taxicab drivers.

The gentleman from Utah asked me whether I was interested in protecting the big organizations. I do not know whether he means corporations or associations. These corporations are, or at least should be, under the control of the operators, the individuals who own their own cabs, when they belong to these associations. If there is anything wrong in the present situation it should be corrected. I know of nothing wrong. I submit to the gentleman from Utah that at the present time the corporation-owned taxicabs, the taxicabs on the streets which are owned not by the individual operators but by corporations, are largely controlled by two men, and those two men not only own practically all the corporate-owned taxicabs of the city but they have large financial interests in a mutual insurance company that is set up all ready to do business.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Speaker, I yield 1 additional minute to the gentleman from Wisconsin.

Mr. BOILEAU. I am not making any insinuations against anybody. All I want to say is that the same men who own all the stock of the corporations that operate the corporate-owned cabs own practically all the stock, I believe I can properly say all the stock, of the mutual insurance company that is all ready to go. I submit the individual taxicab operator should not be forced to take out insurance in any mutual company or in any old-line company as long as adequate protection can be given him by putting up this bond. I believe the House bill will give that protection.

Mr. SHORT. Mr. Speaker, will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Missouri.

Mr. SHORT. Many of the individual cab drivers and representatives of several of the associations have talked to me and every single one of them favors the House provision and is against the Senate bill.

Mr. BOILEAU. The Diamond Cab Co., the Premier Association, the Bell Association, and the independent taxicab drivers all want this $75,000 bond provision. They should be given a chance to prove its effectiveness.

Mr. DIRKSEN. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, let us get clearly in mind what we are going to do and what will happen when we do it. If we support the conference report, that means that substantially we enact the Senate bill. This will give us taxicab insurance. If we vote down the conference report and come back upon the House bill later, that will give us taxicab insurance. So we get insurance either way, but under the House bill we make provision that instead of having to have a policy for every individual cab, these associations that can afford it can deposit $75,000 with the Public Utility Commission, they can file their admission of liability under the respondeat superior provision, and then that $75,000 becomes available for paying judgments, or they can file a blanket policy. This would be possible under the House bill, but not under the Senate bill.

Now, let us see what the issue is. I think everybody here wants to see some form of liability insurance on every taxicab. Certainly I do, and I want to see the best thing we can get, but I fancy if we go along with the Senate bill, and I have no particular hard-and-fast notions about it, we are going to set up a real difficulty and, possibly, a racket before we get through, and I shall tell you why.

Under the insurance code of the District of Columbia you can set up an automobile mutual insurance company with only $10,000 of surplus over liabilities—only $10,000. This is the law. Now, suppose I get a couple of fellows and say, "Let us organize a mutual; all we need is $10,000 of surplus over our capital." No liabilities accrue, as a matter of fact, until a judgment exists, so far as my opinion is concerned, and so they reach out and begin to pick up these lush premiums. Do you know what a good old-line company will charge for insurance in Washington? Two hundred and seventy dollars per cab for personal liability, $95 for property damage, or a total of $365. Who sent these figures? These figures come from the Aetna Casualty Co. and other similar companies. So this means about $365, or a dollar a day, if they get good insurance, because the good companies will set up a reserve of approximately $215 per cab. This is the fact, if you please. Now, what will happen under a mutual. First, they can cut rates. If I find, for instance, as a mutual promoter or salesman, that you have got to get $365 a year, I will come in and say, "Here, Cabby, I will write this insurance for $275, or I will write it for $250, or I will write it for $200, if you please." So they reach out and get these very lush premiums and put them in their pockets.

Now, they can fight off responsibility and liability as an insurance organization, even as an individual does, in court, by taking the case up on appeal or asking for continuances, and when the going gets too strong what happens? They flop over, and what becomes of the cabbies' money? Now, do not say this is in the realm of remote possibility. I will show you in my files the names of companies that have gone over the great divide, companies in which there has been a great mortality, the cabbies' money gone, and the public not protected.

I do not know, and I am simply torn between doubts on this sort of thing, but I do not want to see this sort of thing set up. Where we made the mistake, in my judgment, was that this bill came in here and passed the House and Senate and went to conference before we ever amended the insurance code. Now, it is not long until next January, when another Congress will be in session. We have been going along in this fashion for years and years, and would it not be better,

perhaps, would it not be the expedient and politic thing to turn down this conference report and then amend our insurance laws, so you cannot have a mutual insurance racket in this town based upon premiums from cab drivers? Then we could come along with a taxicab-liability bill. Would not this be the sensible thing to do? In my judgment, it certainly would be—and do not forget that this is a rich plum, 5,000 cabs, roughly, times $350 per year is how much? According to my quick arithmetic, it is about $1,750,000 of premiums.

That is worth going after, and you will have every insurance company in here until they find out that mutuals can so much more satisfactorily deal with the cabbies because they can quote them a cheaper rate. Now, with that kind of insurance on the books, with existing law in the District of Columbia, as I understand it, I fancy we ought to go back and first amend our insurance code so no racket can spring up in the Nation's Capital and then come along with a liability bill. Then, if you want the Senate bill, all right; if you want the House bill, all right. My present notion is that we ought to reject this conference report, because I would not like to see what I have outlined happen.

Mr. NICHOLS. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. NICHOLS. I know my friend is sincere, but I am just wondering what my friend thinks would happen in the interim, the year that would elapse before we can take the subject up again? What would happen to these people riding in taxicabs, members of the gentleman's family and my family?

Mr. KRAMER. Just what is happening now.

Mr. NICHOLS. People getting hurt but unable to get any damages for it.

Mr. DIRKSEN. The same thing that happened in 1932 and 1933, 1934 and 1935, in 1928 and 1927. Nothing would happen except we would preserve the status quo until such time as we can defend the District against a possible insurance racket.

Mr. BOILEAU. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. BOILEAU. If you require the posting of this $75,000 bond, would not that give ample protection in the meantime?

Mr. DIRKSEN. I think so; because by the provisions of the bill they have got to maintain that bond, and it is under the jurisdiction of the Public Utilities Commission.

Mr. BOILEAU. Does not the gentleman think that system is worth trying to see if it would work?

Mr. DIRKSEN. I do not like to be in the position of placing the seal of approval upon a one and three-quarter million dollar insurance premium racket.

If you are going to make these fellows carry policies you are going to have to raise the cab fares, for you cannot starve them to death. When I first came here a number of years ago I remember how our distinguished friend from Texas, Mr. Blanton, would walk up and down this aisle and defend the status quo of cab fares in the various zones and even make it secure in a District appropriation bill. When you are faced with the proposition of granting an increase in cab fares, I can anticipate what the answer is going to be. Then, if you are not against the increase in fares, and I do not think you are, let us move a little cautiously and carefully before we impose this additional burden upon these men who are just eking out an existence and not much more.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. O'MALLEY. For 10 years in my city the cab companies have had the option of carrying insurance or depositing with the city $10,000 in cash or Liberty bonds subject to payment of any judgment. Should any part of this money be paid at all our licenses are automatically canceled until it is replaced. Is not that largely the basis of this blanket provision in the House bill?

Mr. DIRKSEN. I think so.

Mr. O'MALLEY. What is wrong with that?

Mr. DIRKSEN. Except we make them deposit a larger amount.

Mr. O'MALLEY. We make them deposit $70,000. We have had this $10,000 provision for 10 years in our city, and everybody concerned has been satisfied. As soon as a judgment is paid out the companies must restore the amount or lose their license.

Mr. DIRKSEN. I think the gentleman is correct.

Mr. PALMISANO. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. PALMISANO. Under the $75,000 provision in the House bill, what is to prevent the 5,000 taxicab owners uniting into one group and furnishing the $75,000 bond?

Mr. DIRKSEN. It might be done, but it certainly is not within the realm of probability.

Mr. PALMISANO. What would be the comparison between a company having 1,400 machines and one having 5 machines? Would the same amount have to be put up by both?

Mr. DIRKSEN. Everyone who pays any attention to this subject in the District has at some time or other had that standard argument presented to them, whether it was 200 cabs, 300 cabs, or 400 cabs. The amount to be deposited never took cognizance of the number making up the group.

Mr. ZIMMERMAN. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. ZIMMERMAN. Has the committee any statistics as to the number of accidents, fatalities, of taxicab operators as compared with privately owned cars?

Mr. DIRKSEN. Yes; all those statistics can be obtained from the Traffic Bureau.

Mr. ZIMMERMAN. These taxicab drivers tell me that they will be charged $365 a year in premiums on a taxicab. To me that is outrageous.

Mr. NICHOLS. That is not true.

Mr. ZIMMERMAN. They tell me it will cost them that much, and unless they pay the premium they will have to go out of business.

Mr. NICHOLS. Will the gentleman yield? I want to answer the question.

Mr. DIRKSEN. Our time is about up.

Mr. NICHOLS. I will answer it in my own time.

Mr. ZIMMERMAN. I would like an answer to the question.

Mr. SHORT. It might be of interest to the Members of the House to know there has been the second largest decrease in automobile accidents in the first 3 months of this year in the District of Columbia as compared with anywhere else in the Nation. I think that much of the credit is due our colleague from Indiana, Mr. SCHULTE.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, a few minutes ago I was condemned by my friend from Illinois because I happened to be the member of a conference committee who opposed a privilege tax. I find myself now on the majority side and the gentleman from Illinois is the lone member of the conference committee fighting the conference report. He seems to be on the side of the big fellow all the time. I contended I was trying to protect the little fellow then, and I contend I am endeavoring to protect the little taxicab driver now.

When his bill was before the committee an amendment was offered to permit of a $50,000 lump-sum insurance, to which I was opposed and I finally compromised on a $75,000 proposition. The Senate has seen fit to eliminate that provision, and I agree.

Let us think of the individual who has one taxicab as compared with one corporation here that has 1,500 taxicabs. That corporation puts up $75,000 or $50,000 and the individual is compelled to pay a premium on $5,000 or $10,000 of insurance, which will cost $365 a year, and I do not know whether that is the correct amount or not.

Mr. Speaker, let me quote part of a letter written to me and some of the Members of the House no doubt received a copy, by a man named Paul G. Wyatt, who contends we ought to have the House bill. He says we ought to have it simply because it does not bar the independents from joining an association.

Here is what he says:

Personally, we favor the bill as passed by the House, for it does not penalize those taxicab operators who have been paying monthly dues which carry some protection against accidents, as now carried by the larger taxicab companies. The independent taxicab operator is such by choice, and it would hardly seem consistent to us to favor this group, who have avoided the payment of dues and carry no protection whatever. If any favoritism were to be shown, it would seem more consistent to place it on the side of those who have endeavored to give protection in the past and are giving at the present time, rather than to those who by choice have remained independent.

They are now saying we ought to protect them and not the ones who have not paid anything.

It seems to us that the House bill is more just to all the taxicab operators. The independent operators would have the privilege of connecting with an organized company.

That would be where the whole 5,000 organized into one company. What would that amount to? It would amount to nothing in premiums and 5,000 taxicabs running around with one $75,000 bond. Why one or two accidents would exhaust the whole $75,000.

Mr. BOILEAU. Will the gentleman yield?

Mr. PALMISANO. I yield to the gentleman from Wisconsin.

Mr. BOILEAU. If you had one accident today and the $75,000 is wiped out, they would have to put up an additional $75,000. They would have to keep it up to that amount all the time.

Mr. PALMISANO. If this report is not accepted, I will, if possible, set up a commission to hold this money in trust for the people who are injured and make each and every taxicab owner in this town responsible for each individual car and make them put up an equal amount, and not give a special privilege to the corporations.

Mr. BOILEAU. That would give a privilege to the corporations.

Mr. PALMISANO. No; it will not.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield 3 minutes to the gentleman from Utah [Mr. MURDOCK].

Mr. MURDOCK of Utah. Mr. Speaker, a lot of injustices are committed against and inflicted upon the little fellow by claiming that they are done in his behalf or to keep him. That is exactly what is going on here today. We find the gentleman from Wisconsin and many others saying that on behalf of the little fellows they want us to allow the cab companies or the cab operators to put up a $75,000 cash bond in lieu of an insurance policy. What does that mean? It means that you will eliminate every little cab driver in the city of Washington and every little taxicab company in favor of the Diamond Taxicab Co. or in favor of some other big company that has several hundred cabs on the street.

Mr. BOILEAU. Will the gentleman yield?

Mr. MURDOCK of Utah. I yield to the gentleman from Wisconsin.

Mr. BOILEAU. May I say that the independent taxicab operators want the House bill.

Mr. MURDOCK of Utah. I have talked to just as many independent taxicab drivers as the gentleman has and I have talked to just as many small companies. They point out that if we allow a bond instead of insurance, we will simply tell the Diamond Cab Co. that from now on it has a monopoly of the cab business in Washington.

Mr. BOILEAU. They still would have their insurance.

Mr. MURDOCK of Utah. On the other hand, if you tell every cab driver, whether he belongs to the Diamond Co. or is a small, individual operator, that he must have an insurance policy, then he knows that he will get his insurance at the same premium as the big operator. You will not give the Diamond Co. a monopoly. You will not give any other company a monopoly. You will be telling every taxicab driver in the city of Washington that he must go out and buy insurance on an equality of premium and the big man will not be given any favors over the small ones.

Mr. O'MALLEY. Will the gentleman yield?

Mr. MURDOCK of Utah. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. I am sure the gentleman would not consider that the American Federation of Labor and the Central Trades Council would ask any Member of the House to do something that would hurt their workers. They want the House bill.

Mr. MURDOCK of Utah. But I am not arguing this from the standpoint of labor.

Mr. O'MALLEY. It is a labor issue.

Mr. MURDOCK of Utah. I do not believe any fewer men will be employed than there are now if we enact this bill and place all cab drivers on an equality.

Mr. O'MALLEY. Yes; there will be.

Mr. MURDOCK of Utah. I do not like to have the issue of labor injected into the consideration of every piece of legislation, and especially an issue such as this.

Mr. O'MALLEY. Labor's representative says the Senate amendment will put men out of work.

Mr. MURDOCK of Utah. I do not yield further, Mr. Speaker.

There are just two things before us this afternoon. One is, when you get into a taxicab and take a ride in the city of Washington, are you entitled to security against the reckless and negligent driving of the taxicab operator? I say you are, and there is no disagreement in the House today with the view that we are entitled to security.

The other question is, shall we tell the Diamond Cab Co., or some other large company, "You can run your cab company more cheaply than the little man because we will allow you to put up a bond on account of your size, but we will make the little man furnish insurance because he cannot put up a bond."

Mr. Speaker, in conclusion, I submit the adoption of the conference report is the correct action for us to take today and by so doing we maintain equality for all cab operators, regardless of size, and assure their patrons security against reckless and careless driving.

Mr. DONDERO rose.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield the balance of my time to the gentleman from Oklahoma [Mr. NICHOLS].

Mr. NICHOLS. Mr. Speaker, I have been greatly interested in this debate and I shall base my remarks on this premise: I am absolutely opposed to permitting cab operators' associations to put up a cash bond in lieu of insurance. If you permit the big cab companies of the District of Columbia to put up a cash bond in lieu of insurance you will break every little cab company in town, and I will tell you why. If a cab company is too small to raise the $75,000 provided as the bond, the other option has to be taken and the members of that company must take out insurance. This is what will happen. Less than 10 days from the time we passed this House bill the Diamond Cab Co. sent out circulars to every driver in the District of Columbia stating, "You come into our association and you will not have to buy insurance. We will protect you under our $75,000 bond." That is what will happen again. The big companies will put up the $75,000 blanket and then they will force the little fellows to come under their protection. Then what will they do? I will tell you what they will do. They will do what they are doing now. The Diamond Co., the largest one in this town, right at this minute charges cab drivers 60 cents a shift to drive under the Diamond sign. At two shifts a day, that is $1.20 a day. They operate 1,500 cabs, which are paying tribute to the Diamond Cab Co. to the tune of $1,800 a day, or $680,000 a year. This is why there is great opposition to this bill.

That is not all. Last year the Diamond Cab Co. sold 6,000,000 gallons of gasoline to the operators of the Diamond cabs.

The company earned 2 cents a gallon profit on every gallon, which means an additional $180,000. This is to say nothing of the profit it earns from the sale of oil, tires, and other accessories which the operators are compelled to buy through that association.

Mr. TREADWAY. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. No.

That is what is happening to these boys. They pay tribute.

There has been talk about the necessity of increasing these rates, and somebody said something about a racket. The biggest racket I know of in Washington is the racket carried on by two or three cab associations in this town who are racketeering and taking money out of the pockets of men who earn but three or four dollars a day and making them pay tribute to their big associations.

Mr. REILLY. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. Not just now. I want to answer some of these arguments.

As to liability, one cab association in the District of Columbia now has pending against it 1,871 lawsuits, involving $1,320,000. This same company has over $500,000 in judgments against it today, and not one judgment has been satisfied. Mr. Van Duzer, the commissioner of traffic for the District of Columbia, had something to say on the subject only recently. I will read only a brief portion of his statement, which was carried in the Washington Evening Star.

With the taxicab-liability bill scheduled for House action Monday, failure of taxicab owners and operators to satisfy judgments in damage cases was cited today by Traffic Director W. A. Van Duzer.

In a letter to Representative JACK NICHOLS, Democrat, of Oklahoma—

Which I will insert in the RECORD—

a member of the House District Committee, the traffic director stated the records of his department indicate that, with only one exception, judgments against taxi owners and operators remain unsatisfied.

There are a number of judgments involving unlimited thousands of dollars against the taxi operators of this town obtained by helpless, unsuspecting people who rode their cabs assuming that the sign on the side of the door which set forth they were protected was true, but despite that, Van Duzer states that his records show that with one exception none of them has paid a judgment. Oh, they say, the system is not a bad one.

Mr. BOILEAU. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I am sorry, but I cannot yield to the gentleman.

The record behind this policy of having insurance and that alone is a long one. I read from a letter from the city of Boston directed to Mr. Kimball, clerk of the District Committee, who asked for the information at my request:

In reply to your telegram of August 11 requesting information relative to the insurance of taxicabs in this city—which is Boston—please find enclosed copy of report submitted by Capt. John F. Fitzpatrick, inspector of carriages in this department, which I trust will be of assistance to you.

Let us look at his report. This is the city of Boston where they operate under a taxicab insurance law similar to ours.

With reference to the attached telegram of Mr. Kimball, etc., our reports show:

(1) Percentage of accidents per 100 cabs per year is approximately 15 percent, including personal injuries and property damages.

(2) Percentage of settlements outside of court of accidents is approximately 75 percent.

They operate under an insurance law, and now listen:

(3) The average amount of judgment per accident is about $75.

(4) The percentage of judgments collected in full for personal injury claims is 100 percent because of the statute law compelling all motor vehicles to carry personal injury insurance.

(5) Only one insurance company—

This is interesting—

was found financially irresponsible during the past year.

This is the report from the department that handles this in the city of Boston. So you need not be afraid of the insurance racketeers. I have heard for a long time the cry of insurance being a racket, but I carry it on my automobile and most of you do.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I am sorry I cannot yield to the gentleman.

I carry insurance on my automobile to protect myself and other people on the streets, and so do you. If there are those who want to charge me to ride in their automobile, but will not carry it for my protection, will you not help me protect the little kiddies and the visitors who come here, as well as your own families who have to ride in such automobiles unless they take a street car, which will give them protection, or a bus, which will give them protection, or perhaps ride in their own automobile?

Now, listen. A great deal has been said about what labor wants on this matter. A great deal has been said about what the taxicab drivers themselves want. So far as I personally am concerned I do not think there is any labor question involved and the Secretary of the American Federation of Labor advised this morning that they were not going to meet on the proposition until tonight. Whether he is wrong or not I do not know, but I do hold in my hand a letter which I will read you. This letter is dated May 7, 1938, which was last Saturday. There has been a letter read here from the independent taxi drivers, they said, and I do not know whether their letter is better than mine or not, but I want you to listen to mine:

UNITED TRANSPORTATION WORKERS,
Washington, D. C., May 7, 1938.

Hon. JACK NICHOLS,
House of Representatives, Washington, D. C.

DEAR CONGRESSMAN NICHOLS: In reference to H. R. 7084, a bill calling for compulsory taxicab liability insurance for the District of Columbia, we wish to call your attention to the following considerations:

(1) The bill before the House, with the Senate amendments, represents the view and has the solid support of 70 percent of the taxi drivers in the District of Columbia.

(2) Persons lobbying against the bill and who would substitute for it the deposit of a $7,500 bond, are representing certain vested interests in the local taxicab industry, who speak but for a fraction of the District's taxicab owner-drivers and rental drivers.

The bond idea will virtually force 75 percent of the independent owners out of business and wreak indescribable hardship upon the rental drivers as well. It will give what is tantamount to a franchise, to a few taxicab concerns.

If a compulsory taxicab liability insurance bill must be had, we urge you to lay these facts before the House and have it perform the only fair, just, and honest act under the circumstances: Vote for the bill as at present worded.

The United Transportation Workers, representing the interests of the overwhelming majority of the independent driver-owners and rental drivers in the District of Columbia gives its unanimous support to the bill.

Respectfully yours,

MAURICE HOLLOD,
Business Manager, United Transportation Workers.

Mr. Speaker, my friend here has said that we can leave this situation in status quo. Unfortunately there is no such position as status quo on death, injury, or accidents. They go on. It is impossible to stop the devastation that accidents wreaks upon us in the way of bodily injury or death.

If it were possible to stop that, I would say, "Fine; stop it all until we can get this thing perfect." Few times have I ever seen a bill pass this body that, in my opinion—or yours, for that matter—was a perfect bill at its inception. Maybe there is a better way than this; I doubt it. Your committee has put months of study on it, and we have been advised by the insurance commissioner of the District of Columbia, Mr. Moore, who came before our committee, that it was possible and that he would compel insurance companies, if they were organized in the District of Columbia, to make themselves sufficiently strong financially that there could be no doubt about the results of the organization of an insurance company. But, whether or not this bill is perfect, get it on the statute books; let us establish the principle in the District of Columbia that automobiles operated for hire shall be compelled to give protection to those people whom they

carry. If it then develops that some injustice is being done, we can work it over. Instead of holding the situation in status quo, by the passage of this bill stop the status quo of the reckless and irresponsible driving that is going on in the District of Columbia; make each of the 5,000 cabs financially responsible.

I hope you will vote for the adoption of the conference report.

Mr. PALMISANO. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

Mr. O'MALLEY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. O'MALLEY. Unless the conference report is voted down, is it possible to vote upon the separate Senate amendments?

The SPEAKER pro tempore. It is not.

The question is on the conference report.

The question was taken; and on a division (demanded by Mr. PALMISANO) there were—ayes 40, noes 46.

Mr. NICHOLS. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER pro tempore. The Chair will count. [After counting.] One hundred and twenty-eight Members are present, not a quorum.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 113, nays 197, answered "present" 1, not voting 117, as follows:

[Roll No. 71]

YEAS—113

Allen, Del.	Ferguson	McLaughlin	Robertson
Allen, La.	Fletcher	McReynolds	Robinson, Utah
Andrews	Fulmer	McSweeney	Ryan
Arnold	Gamble, N. Y.	Maloney	Satterfield
Atkinson	Gray, Ind.	Mapes	Schaefer, Ill.
Bloom	Greenwood	Martin, Colo.	Schuetz
Boren	Greever	May	Seger
Boyer	Griffith	Mills	Sheppard
Brooks	Griswold	Moser, Pa.	Smith, Conn.
Buck	Haines	Mosier, Ohio	Smith, Okla.
Byrne	Hancock, N. Y.	Mott	Snell
Carter	Harter	Mouton	Sparkman
Cartwright	Healey	Murdock, Utah	Taber
Chapman	Hook	Nichols	Terry
Citron	Houston	O'Connor, N. Y.	Thom
Clark, Idaho	Imhoff	O'Day	Thomas, N. J.
Clason	Izac	O'Neal, Ky.	Thompson, Ill.
Cochran	Kennedy, Md.	O'Neill, N. J.	Tinkham
Cooley	Kleberg	Pace	Treadway
Crawford	Kocialkowski	Palmisano	Wadsworth
Culkin	Lambertson	Parsons	Warren
DeMuth	Lambeth	Patrick	Wearin
DeRouen	Lamneck	Peterson, Fla.	White, Ohio
Dixon	Lea	Pettengill	Whittington
Dockweiler	Long	Poage	Williams
Driver	Lucas	Ramsay	Zimmerman
Eaton	Luce	Rayburn	
Edmiston	Luecke, Mich.	Rich	
Eicher	McClellan	Richards	

NAYS—197

Aleshire	Cravens	Forand	Johnson, Lyndon
Allen, Ill.	Creal	Ford, Calif.	Johnson, Minn.
Amlie	Crosser	Ford, Miss.	Johnson, Okla.
Anderson, Mo.	Crowe	Gambrill, Md.	Johnson, W. Va.
Andresen, Minn.	Crowther	Garrett	Kee
Bacon	Cullen	Gasque	Keller
Bates	Curley	Gearhart	Kelly, Ill.
Beiter	Daly	Gehrmann	Kitchens
Bell	Delaney	Gilchrist	Kniffin
Bernard	Dies	Goldsborough	Knutson
Binderup	Dingell	Green	Kopplemann
Bland	Dirksen	Gregory	Kramer
Boileau	Dondero	Guyer	Kvale
Bradley	Doughton	Gwynne	Lanham
Brewster	Dowell	Halleck	Lanzetta
Brown	Doxey	Hamilton	Larrabee
Buckler, Minn.	Drew, Pa.	Havenner	Leavy
Burdick	Drewry, Va.	Hendricks	Lemke
Caldwell	Duncan	Hennings	Lesinski
Cannon, Mo.	Dunn	Hill	Lewis, Colo.
Carlson	Eberharter	Hobbs	Lord
Case, S. Dak.	Eckert	Hoffman	Luckey, Nebr.
Chandler	Engel	Honeyman	Ludlow
Church	Englebright	Hope	McAndrews
Cluett	Evans	Hull	McCormack
Coffee, Wash.	Fernandez	Hunter	McKeough
Cooper	Fitzgerald	Jarrett	McLean
Costello	Flaherty	Jenks, N. H.	Maas
Cox	Fleger	Johnson, Luther A.	Magnuson
Mahon, S. C.	Patterson	Sacks	Thomason, Tex.
Mahon, Tex.	Patton	Sadowski	Thurston
Martin, Mass.	Pearson	Sanders	Tolan
Mason	Peterson, Ga.	Sauthoff	Towey
Massingale	Plumley	Schneider, Wis.	Transue
Maverick	Powers	Secrest	Turner
Mead	Rabaut	Shafer, Mich.	Umstead
Meeks	Ramspeck	Shannon	Vincent, B. M.
Merritt	Randolph	Short	Vinson, Ga.
Michener	Rankin	Simpson	Voorhis
Mitchell, Ill.	Reece, Tenn.	Smith, Maine	Walter
Murdock, Ariz.	Reed, Ill.	Smith, Va.	Welch
Nelson	Reed, N. Y.	Smith, Wash.	West
O'Brien, Ill.	Rees, Kans.	Snyder, Pa.	Wigglesworth
O'Brien, Mich.	Reilly	South	Wilcox
O'Connell, R. I.	Rigney	Spence	Withrow
Oliver	Robsion, Ky.	Stefan	Wolcott
O'Malley	Rogers, Mass.	Taylor, Colo.	Woodruff
O'Toole	Romjue	Taylor, Tenn.	
Owen	Rutherford	Teigan	
Patman	Sabath	Thomas, Tex.	

ANSWERED "PRESENT"—1

Bigelow

NOT VOTING—117

Allen, Pa.	Dempsey	Jenckes, Ind.	Scott
Arends	Dickstein	Jenkins, Ohio	Scrugham
Ashbrook	Disney	Jones	Shanley
Barden	Ditter	Kelly, N. Y.	Sirovich
Barry	Dorsey	Kennedy, N. Y.	Smith, W. Va.
Barton	Douglas	Keogh	Somers, N. Y.
Beam	Elliott	Kerr	Stack
Biermann	Faddis	Kinzer	Starnes
Boehne	Farley	Kirwan	Steagall
Boland, Pa.	Fish	Lewis, Md.	Sullivan
Boykin	Fitzpatrick	McFarlane	Sumners, Tex.
Boylan, N. Y.	Flannagan	McGehee	Sutphin
Buckley, N. Y.	Flannery	McGranery	Sweeney
Bulwinkle	Frey, Pa.	McGrath	Swope
Burch	Fries, Ill.	McGroarty	Tarver
Cannon, Wis.	Fuller	McMillan	Taylor, S. C.
Casey, Mass.	Gavagan	Mansfield	Tobey
Celler	Gifford	Mitchell, Tenn.	Vinson, Fred M.
Champion	Gildea	Norton	Wallgren
Clark, N. C.	Gingery	O'Connell, Mont.	Weaver
Claypool	Gray, Pa.	O'Connor, Mont.	Wene
Coffee, Nebr.	Hancock, N. C.	O'Leary	Whelchel
Cole, Md.	Harlan	Pfeifer	White, Idaho
Cole, N. Y.	Harrington	Phillips	Wolfenden
Collins	Hart	Pierce	Wolverton
Colmer	Hartley	Polk	Wood
Connery	Hildebrandt	Quinn	Woodrum
Crosby	Holmes	Rockefeller	
Cummings	Jacobsen	Rogers, Okla.	
Deen	Jarman	Schulte	

So the conference report was rejected.

The Clerk announced the following pairs:

General pairs:

Mr. Kerr with Mr. Wolfenden.
Mr. Woodrum with Mr. Barton.
Mr. Fred M. Vinson with Mr. Gifford.
Mr. Sullivan with Mr. Tobey.
Mr. Tarver with Mr. Jenkins of Ohio.
Mr. Fuller with Mr. Wolverton.
Mr. Bulwinkle with Mr. Cole of New York.
Mr. Jones with Mr. Hartley.
Mr. Harrington with Mr. Kinzer.
Mr. Burch with Mr. Arends.
Mr. Flanagan with Mr. Ditter.
Mr. McFarlane with Mr. Rockefeller.
Mr. Mansfield with Mr. Douglas.
Mr. Collins with Mr. Holmes.
Mr. Taylor of South Carolina with Mr. Fish.
Mr. Weaver with Mr. Faddis.
Mr. Beam with Mr. O'Leary.
Mr. McMillan with Mr. Crosby.
Mr. Clark of North Carolina with Mr. Allen of Pennsylvania.
Mr. Schulte with Mr. Gildea.
Mr. Sweeney with Mr. Phillips.
Mr. Shanley with Mr. Keogh.
Mr. Boehne with Mr. Buckley of New York.
Mr. Starnes with Mr. Gingery.
Mr. Hildebrandt with Mr. Sutphin.
Mr. Barden with Mr. Frey of Pennsylvania.
Mr. McGehee with Mr. Hancock of North Carolina.
Mr. Lewis of Maryland with Mr. Farley.
Mr. Sumners of Texas with Mr. Casey.
Mrs. Jenckes of Indiana with Mr. Pfeifer.
Mr. Connery with Mr. Whelchel.
Mr. Disney with Mr. Steagall.
Mr. Ashbrook with Mr. Kirwan.
Mr. Barry with Mr. Dorsey.
Mr. Fitzpatrick with Mr. Elliott.
Mr. McGranery with Mr. Biermann.
Mr. Swope with Mr. Fries of Illinois.
Mr. Boylan of New York with Mrs. Norton.
Mr. Boland of Pennsylvania with Mr. McGrath.
Mr. Pierce with Mr. Coffee of Nebraska.
Mr. McGrath with Mr. Flannery.
Mr. Wallgren with Mr. Mitchell of Tennessee.

Mr. Gavagan with Mr. Wene.
Mr. Celler with Mr. Wood.
Mr. O'Connell of Montana with Mr. Harlan.
Mr. O'Connor of Montana with Mr. Sirovich.
Mr. Gray of Pennsylvaina with Mr. Claypool.
Mr. Polk with Mr. Colmer.
Mr. Dickstein with Mr. Scrugham.
Mr. Jarman with Mr. Hart.
Mr. Kennedy of New York with Mr. Deen.
Mr. Dempsey with Mr. Somers of New York.
Mr. Kelly of New York with Mr. Cummings.
Mr. Scott with Mr. Jacobsen.
Mr. Cole of Maryland with Mr. Quinn.
Mr. Boykin with Mr. Rogers of Oklahoma.
Mr. Smith of West Virginia with Mr. Champion.
Mr. Cannon of Wisconsin with Mr. Stack.

Mr. SMITH of Washington, Mr. ANDERSON of Missouri, and Mr. HUNTER changed their vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

Mr. PALMISANO. Mr. Speaker, I move that the House insist on the House provisions and ask for a further conference with the Senate.

The motion was agreed to.

The SPEAKER pro tempore (Mr. BUCK). Without objection, the Chair will appoint the following conferees: Messrs. PALMISANO, NICHOLS, and DIRKSEN.

There was no objection.

Mr. SNELL. Mr. Speaker, I ask unanimous consent to proceed for one-half minute to make an announcement.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

REPUBLICAN CONFERENCE

Mr. SNELL. The Republican conference that was called for this afternoon after the adjournment of the House is postponed until tomorrow afternoon after the adjournment of the House, here in the Chamber of the House.

JUVENILE COURT, DISTRICT OF COLUMBIA

Mr. PALMISANO. Mr. Speaker, I call up the conference report on the bill (H. R. 4276) to create a juvenile court in and for the District of Columbia, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4276) to amend an act entitled "An act to create a juvenile court in and for the District of Columbia", and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4 and 9.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 6, 7, 8, 10, 11, 12, and 13, and agreee to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Whenever any person shall give to the director of social work of the court, or other officer of the court duly designated as his representative, information in his possession that a child is within the provisions of this Act, it shall be the duty of a duly designated officer of the court to make preliminary investigation to determine whether the interests of the public or of the child require that further action be taken and report his finding, together with a statement of the facts, to the director of social work. Whenever practicable such inquiry shall include a preliminary investigation of the home and environmental situation of the child, his previous history, and the circumstances which were the subject of the information. If the director of social work finds that jurisdiction should be acquired, he shall, after consultation with and approval by the corporation counsel or assistant corporation counsel assigned to the court, authorize a petition to be filed. In any case in which said director fails to so find, the person giving information to the director may present the facts to the corporation counsel or his assistant, who, after investigation by an officer of the court as herein provided, may authorize a petition to be filed. The proceedings shall be entitled, "In the matter of , a child under eighteen years of age".

And the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following: "by respondents, their parents or guardians, or their duly authorized attorneys, but otherwise"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

"SEC. 34. Appeal: Any interested party aggrieved by any final order or judgment of the juvenile court may apply to the United States Court of Appeals for the District of Columbia or to one of the justices thereof for the allowance of an appeal, and the said court or justice may allow such appeal whenever in the opinion of said court or justice the order or judgment ought to be reviewed upon any matter of law. The application for said appeal shall be in writing, shall be verified, and shall state fully the grounds on which the same is asked, and shall include the petition and a narrative statement of the evidence authenticated by the judge of the juvenile court and the assignment or assignments of error relied on and shall be presented to said Court of Appeals, or one of the justices thereof, within such time as that Court may by rule prescribe. If an appeal is allowed, the same shall be placed upon the special calendar and shall be heard by the court as soon thereafter as is convenient to the court and as counsel may be heard. Any party desiring the benefit of the provisions of this section shall give notice in open court of his intention to apply for an appeal: *Provided*, That the appeal or application for the allowance of such appeal shall not suspend the order of the juvenile court, nor shall it discharge the child from the custody of that court or of the person, institution, or agency to whose care such child shall have been committed, unless the court of appeals shall so order. If the United States Court of Appeals for the District of Columbia does not dismiss the proceedings and discharge the child, it shall affirm or modify the order of the juvenile court and remand the child to the jurisdiction of the juvenile court for supervision and care, and thereafter the child shall be and remain under the jurisdiction of the juvenile court in the same manner as if such court had made said order without an appeal having been taken."

And the Senate agree to the same.

VINCENT L. PALMISANO,
JACK NICHOLS,
EVERETT M. DIRKSEN,
Managers on the part of the House.

WILLIAM H. KING,
ROYAL S. COPELAND,
M. E. TYDINGS,
WARREN R. AUSTIN,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4276) to amend an act entitled "An act to create a juvenile court in and for the District of Columbia," and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

On amendment No. 1: The House bill recognized a principle that children under the jurisdiction of the juvenile court are subject to the discipline and entitled to the protection of the State. The Senate amendment strikes out the House provision. The House recedes.

On amendment No. 2: Under the House bill exclusive and original jurisdiction is given to the juvenile court in certain cases and proceedings, including those concerning any person under 21 years of age charged with having violated any law, or violated any ordinance or regulation of the District of Columbia, prior to having become 18 years of age. The Senate amendment subjects this particular type of case or proceeding to the appropriate statutes of limitation. The House recedes.

On amendment No. 3: The House bill provided that in paternity cases the respondent shall be entitled to a jury trial if he shall so demand. The Senate amendment provides that in such cases the respondent shall be entitled to a jury trial unless he shall voluntarily waive such right and request trial by the court. The House recedes.

On amendment No. 4: Under the House bill, the juvenile court was given original and exclusive jurisdiction to determine cases of adults charged with willfully contributing to, encouraging, or tending to cause by any act or omission any condition which would bring a child within the provisions of this act. The Senate amendment gives the court jurisdiction of any act which shall bring a child within the provisions of this act. The Senate recedes.

On amendment No. 5: The House bill provided that an officer of the juvenile court, upon information, should make a preliminary inquiry to determine whether action by the court should

be taken. If he determined that formal jurisdiction should be acquired, he was directed to authorize a petition to be filed. The Senate amendment provides that such officer report his finding together with a statement of the facts to the Corporation Counsel, and final determination as to whether such formal jurisdiction should be acquired is left to said Corporation Counsel. The House recedes with an amendment which provides that the director of social work, with the approval of the Corporation Counsel, shall determine whether jurisdiction shall be acquired by the court. In any case in which the director fails to find that such jurisdiction should be acquired, the informant may present the facts to the Corporation Counsel who, after an investigation, may authorize a petition to be filed.

On amendment No. 6: This is a clarifying amendment providing that the petition shall be verified by the officer making the investigation, or some other person having personal knowledge of the case. The House recedes.

On amendment No. 7: The House bill provided that summons may be issued requiring the appearance at a hearing of any person whose presence, in the opinion of the judge, is necessary. The Senate amendment strikes out the words "in the opinion of the judge." The House recedes.

On amendment No. 8: The House bill provided that in case the summons cannot be served, or the parties served fail to obey the same, or in any case when it shall be made to appear to the judge that the service will be ineffectual or the welfare of the child requires that he shall be brought forthwith into the custody of the court, a warrant may be issued against the parent or guardian or against the child himself. The Senate amendment strikes out "or in any case when it shall be made to appear to the judge that the service will be ineffectual." The House recedes.

On amendment No. 9: The House bill provided that the court should hear and determine all cases of children without a jury unless a jury be demanded by the child, his parent or guardian, or the court. The Senate amendment provides that such cases be held without a jury only where the child or its parent or guardian has expressly waived a jury trial. The Senate recedes.

On amendments Nos. 10 and 11: The House bill provided that the court could place a child on probation, commit the child to the Board of Public Welfare or other enumerated institutions, and make such further disposition as the court deemed to be best for the best interests of the child, except as herein otherwise provided. Senate amendment No. 10 provides that the court may make such further disposition of the child as may be provided by law and as the court may deem to be best for the best interests of the child. Senate amendment No. 11 strikes out "except as herein otherwise provided" and adds a proviso to the effect that nothing in the paragraph shall be construed as authorizing the removal of the child from the custody of his parents unless his welfare and the safety and protection of the public cannot be adequately safeguarded without such removal. The House recedes.

On amendment No. 12: The House bill provided that if an adult is charged with an offense for which he is entitled to a trial by jury, and if he shall so demand, a jury shall be selected in accordance with provisions of law regulating the selection of juries in the District Court for the United States for the District of Columbia. The Senate amendment provides that if an adult is charged with an offense for which he is entitled to a trial by jury, he shall be so tried unless he shall expressly waive his right to such a trial. The House recedes.

On amendment No. 13: The House bill provided that the judge of the juvenile court could designate a social worker of the court as commissioner. The Senate amendment strikes this provision out. The House recedes.

On amendment No. 14: The House bill provided that the records of the court should be open to inspection only by order of the District Court of the United States for the District of Columbia. The Senate amendment provides that such records shall be open to inspection by defendants, their parents or guardians, or their duly authorized attorneys, but otherwise only by order of such court. The House recedes with an amendment by striking out "defendants" and inserting in lieu thereof "respondents."

On amendment No. 15: The House bill provided that any party aggrieved by any final order or judgment of the juvenile court could apply to the Court of Appeals for the District of Columbia for the allowance of a special appeal, and such court might allow such appeal whenever it was made to appear that it would be in the interests of justice to allow an appeal. The Senate amendment provides for such appeals to the United States Court of Appeals for the District of Columbia whenever in the opinion of the court or a justice thereof the order or judgment ought to be reviewed upon any matter of law. The amendment sets out in detail that the application for such appeal shall be in writing, shall be verified, and shall state fully the grounds upon which same is asked, and shall include the petition and a narrative statement of the evidence, authenticated by the judge of the juvenile court, and the assignment or assignments of error relied on. The House recedes with two amendments, one of which provides that such applications for appeal shall be presented to said court of appeals, or one of the justices thereof, within such time as that court may by rule prescribe, and the other by striking out "privileged docket" and inserting "special calendar."

VINCENT L. PALMISANO,
JACK NICHOLS,
EVERETT M. DIRKSEN,
Managers on the part of the House.

Mr. PALMISANO. Mr. Speaker, this is a conference report on the bill creating a juvenile court. There was no opposition to the bill in the House. The Senate added a few amendments to which there is no objection. The conference report is agreed to by all the members of the conference committee.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to, and a motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that on tomorrow after the disposition of matters on the Speaker's table, and at the conclusion of the legislative business in order for the day, I may proceed for 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent that on tomorrow after the disposition of business on the Speaker's table, the legislative program in order for the day, and the special orders, I may address the House for 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

EXTENSION OF REMARKS

Mr. DALY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement showing the beneficial effects of the reciprocal-trade agreements entered into by Secretary Hull.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. O'NEILL of New Jersey. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein copy of an address made by the Postmaster General of the United States.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. SNELL. Mr. Speaker, I ask unanimous consent to proceed for 1 minute to ask a question.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SNELL. As I understand, there is only about 1 hour's general debate left on the civil aeronautics authority bill about to be taken up?

Mr. LEA. Approximately.

Mr. SNELL. Is it proposed to do any more than to conclude general debate this afternoon?

Mr. LEA. It is proposed to pass the bill today if we can.

Mr. SNELL. The gentleman intends to have the bill passed this afternoon?

Mr. LEA. We hope so.

CIVIL AERONAUTICS AUTHORITY

Mr. LEA. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 9738) to create a Civil Aeronautics Authority, to provide for the regulation of civil aeronautics, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 9738, with Mr. GRISWOLD in the chair.

The Clerk read the title of the bill.

Mr. MAPES. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Chairman, the gentleman from Michigan [Mr. MAPES] made a very interesting address upon

this bill on Saturday. I regret I was not here to listen. I gather from the report, however, that the gentleman set forth some fundamental views with respect to the policy to be pursued by the Government in the regulation of transportation by rail, by motor vehicle, and by air. In that address it is fair to say that the gentleman expressed the attitude of the minority members of the Committee on Interstate and Foreign Commerce. I am not at all certain that I can add anything to what he said upon that occasion; but I crave the indulgence of the Committee for just a little while in an endeavor to bring before you as succinctly as I can some very peculiar circumstances under which this bill is brought forward.

I may say, in explanation, that I had the honor of serving on a subcommittee which went along diligently in the preparation of the details of this measure under the leadership of the chairman of the committee itself, the gentleman from California [Mr. LEA]. So far as this measure goes in setting up the details of regulation, I think that subcommittee did a good job, and I have very, very few criticisms to make of the details of the bill.

The thing that disturbs me is the fact that in seeking to establish, as this bill seeks to establish, a new authority or commission separate and distinct from the 50, 60, or 80 commissions or bureaus we already have, we have made a mistake in the fundamental policy of regulation of transportation. Since 1887, if my recollection is correct, the Interstate Commerce Commission of the United States has had confided to it the regulation of agencies engaged in interstate transportation. Of course, the members of the committee are entirely familiar with the jurisdiction of the I. C. C. over all the railroads, including joint and through rates between the railroads and inland water transportation.

The members of the committee must be aware of the high standing of the Interstate Commerce Commission and, in general, of the very excellent work it has done over this long period of time. It has been truly an agency of the Congress of the United States, set up to administer a law of the Congress, according to rules and standards laid down by the Congress itself. Something like 3 years ago, I believe, the jurisdiction of the Interstate Commerce Commission was extended to cover motor vehicles engaged in interstate commerce, both common carriers and contract carriers. That was logical.

During the last 5 or 6 years movements have been set on foot on many occasions and from responsible sources in the direction of the regulation of commerce in the air. I think most people have realized that sooner or later we must come to the governmental regulation of air commerce. At this moment there is very little, if any, regulation of civil aeronautics. The Federal Government, acting in part through the Postmaster General, in part through the Bureau of Aeronautics of the Department of Commerce, and in part through the Interstate Commerce Commission, regulates that portion of air commerce engaged in the transportation of the mail, and to no important degree does the Government regulate any other branch of commercial aviation.

We got into that regulation, of course, as the result of our resorting to the airplane to carry mail. At the present time the Postmaster General lets the contract for the air-mail carriers on a competitive basis, and as has been pointed out upon more than one occasion, the result of the letting of those contracts is absurd upon its face, because the lines are so competitive that the successful bidder turns out to be a company, sometimes a great company and sometimes a very small company, whose bid is so low as to be absurd upon its face.

In an endeavor to correct that situation, which was inherent in competitive bidding for air-mail contracts, the Congress, a couple of years ago, clothed the Interstate Commerce Commission with the power to revise the air-mail contracts and to fix reasonable rates to be paid the carriers by the Post Office Department, so to that extent the Interstate Commerce Commission has jurisdiction over the air-mail carriers.

The Department of Commerce, through its Bureau of Aeronautics, has jurisdiction over the licensing of airplanes in the interest of safety, and the licensing of pilots, likewise in the interest of safety. Further, it has jurisdiction over the laying out of the airways and the installation of the radio beacons, lights, and various other facilities to make travel in the air more safe. However, no attempt has been made thus far to regulate rates of fare for passengers and freight or express in air commerce interstate. No attempt has been made thus far to regulate the financial practices of commercial aviation companies. No attempt has been made thus far to assume on the part of the Government and lodge with some agency jurisdiction over through rates—rates, for example, between the airplane and the railroad train, or between the airplane and the motorbus. The whole field of the regulation of commercial aviation is practically neglected at this time.

It was with a knowledge of that fact and in the conviction that commercial aviation should be regulated not only in the interest of the public but in the interest of those engaged in it as a business that the Committee on Interstate and Foreign Commerce, commencing early in the winter of 1937, gave consideration to a bill whose provisions lodged the regulation of commercial aviation with the Interstate Commerce Commission. We held lengthy hearings upon that measure. In giving it our favorable consideration in the first instance, the committee was following the recommendation of the President of the United States, who, according to my way of thinking, quite logically has taken the attitude that all commercial interstate transportation in this country should be regulated by a single governmental agency, and that as the Interstate Commerce Commission already regulated the railroads and the motor vehicles and, to an extent, the inland waterway transportation, as well as the interrelations between those several kinds of transportation, the logical place to put commercial aviation is in the Interstate Commerce Commission.

Through extended hearings in which vivid interest was taken by all the members, the committee completed the structure of a bill and reported it unanimously to the House. That bill has now been on the calendar since May 28, 1937. As I say, it was reported unanimously. It seemed to us the logical step to take in the matter of bringing air commerce under the control of the Government. We followed the recommendation of the President gladly. Indeed, I have not the slightest doubt that without such a recommendation an overwhelming majority of our committee would have recommended to the House of Representatives that commercial aviation should be put under the Interstate Commerce Commission. That bill, which is H. R. 7273, is now on the House calendar. As I stated a moment ago, it has been there since May 28, 1937.

Just when and how a change in the policy came about I do not know. From May 28, 1937, until nearly the end of August no effort was made, within my knowledge, to bring that bill before the House. To the best of my information, sometime during the autumn of 1937 an interdepartmental committee was made up, doubtless with the consent and perhaps on the initiative of the President, composed of the assistant secretaries of the several Departments of the Government interested or potentially interested in civil aviation. It was not until this bill was introduced, about the 1st of March, as I recall, that the members of the Committee on Interstate and Foreign Commerce awoke to the fact that the policy was changing.

Let me say at this point that much of the work done on this bill, especially that done by the chairman of the committee, the gentleman from California [Mr. LEA], has been excellently done. I do not stand here to criticize his work in the slightest degree. The thing that dismayed some of us was the fact that instead of confiding this work to the Interstate Commerce Commission, where the President had said it belonged and where by unanimous vote our committee had said it belonged, this bill creates a brand new commission or agency of the Government called an authority.

In the first instance, the request was that the authority consist of five members to be appointed by the President in the usual manner and to be paid $10,000 a year. Your committee has cut that number to three and has confided to this authority, a new, separate, and additional branch of the Government, the regulation of all air commerce, rates, charges, financial set-ups, financial practices, and any other proper function of regulation which this great and growing transportation industry should have imposed upon it.

I do not think I am exaggerating the situation when I say that many members of the Interstate Commerce Committee were amazed. Here is our bill upon the calendar. It has been there since last May.

Mr. TERRY. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. TERRY. Was it the idea of the Interstate Commerce Committee of the House to enlarge the I. C. C. in the event this additional power was given it to control aviation?

Mr. WADSWORTH. The bill that is on the calendar, as I recall it, sets up a division in the I. C. C., but does not enlarge the membership.

Mr. TERRY. There was some talk about enlarging the number of members of the I. C. C. in the event they took on the additional responsibility.

Mr. WADSWORTH. The bill did not provide for that, according to my best recollection.

Mr. WITHROW. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman.

Mr. WITHROW. Just at this point it might be interesting to note that the bill that is now on the calendar in the Senate provides for this authority being invested in the I. C. C. The bill on the calendar in the Senate is a bill to amend the Interstate Commerce Act so as to provide that the Interstate Commerce Commission shall have this authority.

Mr. WADSWORTH. That is true. Just what the fate of the bill in the Senate will be none of us can tell. It is a fact there is a bill on the calendar of the Senate that confides this work to the I. C. C., there is a bill on our calendar that confides this work to the I. C. C., and you now have before you a bill that confides it to a brand new authority.

Now, as I endeavored to make clear a little while ago, my criticism of this situation is not directed in the slightest degree to the members of the Committee on Interstate Commerce, who have done a lot of work on this bill, and in my judgment done very good work on its details. The thing I wanted to lay before the committee is this: This bill constitutes a desertion of the policy pursued by the Congress for years past.

Mr. LEA. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from California.

Mr. LEA. I think it might be pertinent at this time to remind the House of what I understand is the fact, that the bill reported in the Senate and referred to by the gentleman is a bill introduced by Senator McCARRAN, who has abandoned that bill and is supporting a bill calling for an independent commission.

Mr. WADSWORTH. The observations of the chairman of our committee demonstrate to the Members of this Committee of the Whole how this thing is being juggled back and forth. I cannot follow it.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman.

Mr. SHORT. Could the bill under present consideration possibly be an argument for the reorganization bill?

Mr. WADSWORTH. I will say to the gentleman from Missouri that the Committee on Interstate Commerce reached the final phase of consideration of this bill, with its separate authority, at just about the time that the reorganization fight was going on here in the House. It is not divulging any secret to admit to you that I was against the reorganization bill and so were other members of the Interstate Commerce Committee. Others were in favor of the reorganization bill, claiming that the reorganization bill would bring about a simplification of government, and look at this. [Laughter.]

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I yield the gentleman from New York 5 additional minutes.

Mr. WADSWORTH. There is no simplification in this bill. This adds another great Federal commission or authority to do the kind of work that under the traditions and the policies of the Congress has been confided to the Interstate Commerce Commission and should be confided to it.

Now, it has been suggested in perfectly friendly fashion by the gentleman from Arkansas, or at least it has been intimated by him, that perhaps the Interstate Commerce Commission might well be enlarged, if it is to be given additional functions. I agree with that, and at the risk of having my ignorance of the inside workings or the necessities of the I. C. C. exposed upon this floor, let me say that in many a conversation and in many a conference among the members of our committee, in anticipation of the centering of the regulation of all transportation under a single agency, the Interstate Commerce Commission, it has been conceded that the I. C. C. might better be reorganized within itself, divided, perhaps—and this is a tentative suggestion—into three divisions, one to govern railroads, one to govern motor vehicles, and the other to govern civil aviation, with general jurisdiction in the I. C. C. as a single body to fix through route and joint rates as between the different elements of transportation, and that in such a reorganization there might be involved the addition of a couple of additional members. By means of such a reorganization, logically accomplished within the present organization of the I. C. C., we would reach a final and logical policy as to how transportation in the United States, interstate in character, should be regulated by the Government. This bill deserts that policy. This is my only criticism of it. I am ready to defend page after page of the details of this bill. In my judgment, it is excellently drawn in the matter of the imposition of the regulation, its basic and only fault being it confides it to the wrong body.

It has been said by optimists on our committee that this bill, being excellently drawn and setting up wisely devised machinery for the regulation of commercial aviation, could stand as a model for 2 or 3 years and then be used in connection with the reorganization of the I. C. C., and the I. C. C. then given the regulation of air commerce. That may be one of the virtues of this bill, but we are taking a big chance. I have been in legislative bodies long enough to know that once you establish a commission, give it pretty good salaries, allow it to accumulate a vast staff and send its agents and inspectors all over the United States, acquire to itself adherents of one kind or another, people who become accustomed to rely on that particular kind of commission for information, assistance, or relief—in other words, when it throws its roots down into the soil and gets itself established, you have the devil's own time passing any act abolishing it.

Mr. KITCHENS. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. KITCHENS. Does the gentleman intend to offer an amendment to this bill that will do away with this agency and put it under the Interstate Commerce Commission?

Mr. WADSWORTH. It is the intention of a Member of the minority to offer a very simple amendment to this bill which will test the committee on the question of policy.

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I yield 5 additional minutes to the gentleman from New York.

Mr. WADSWORTH. It would be physically possible for us to offer amendments to this bill transforming it in the matter of the agency to be used from this new authority back to the I. C. C., but it would take hundreds of amendments running all through the bill; so some of us, in talking it over, reached a tentative agreement that a simple amendment would be offered in the definition or description of the

word "authority" and make it read on that particular line "Interstate Commerce Commission." That would test the sentiment of the House on the broad policy.

Mr. SHEPPARD. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. SHEPPARD. Will the gentleman kindly explain for my benefit his particular reason for wanting to centralize this in the Interstate Commerce Commission? It has been my impression from what the gentleman has said thus far that he wants to see centralized in the Interstate Commerce Commission, a rate-making body, all transportation facilities. What is the gentleman's idea in advocating that?

Mr. WADSWORTH. The belief has grown in recent years that transportation in the United States should be considered very largely as one vast interrelated problem. The Congress followed that principle when it confided to the I. C. C. the regulation in interstate commerce of motor vehicles that compete with railroads, and also cooperate with railroads, since they pass freight from a motor truck to a railroad train, and a through rate may be established. To serve the public best a single agency of the Government should regulate all transportation that is interstate in character in this country so that it can be coordinated. The time will come when civil aviation—if more prosperous times come—just at present it is in a desperate condition—but the time will come when civil aviation will carry tremendous loads of express as well as increasing loads of passengers. For example, we know now that express packages originate in South Dakota and turn up in Panama, part by rail and part by airplane. There is no agency of Government to regulate that through rate. This bill attempts to bridge that chasm by instructing the Chairman of the Interstate Commerce Commission to appoint a committee of his own Commission to confer with a committee of this new authority and jointly to fix through rates; but still we have two agencies of the Government trying to do the same thing. It is bad policy.

Mr. EICHER. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. EICHER. Is it not true that the bill which was reported by the committee last year (H. R. 7273) did not assume to give the Interstate Commerce Commission jurisdiction over anything except the economic phases of aviation?

Mr. WADSWORTH. Economic phases, including rates.

Mr. EICHER. Rates make up the greater part of the economic phase.

Mr. WADSWORTH. Yes.

Mr. EICHER. Does the gentleman honestly feel that the Interstate Commerce Commission itself, the members of it, would consider themselves qualified to take jurisdiction over all the phases of aviation included in this bill, such as the qualification of private fliers, safety factors, technical development of aviation in general, and so forth?

Mr. WADSWORTH. Yes, I do. As I said, they can be reorganized and one division established to specialize in aviation. The Commission has existed for years, is accustomed to acting as a rate-making body and to passing upon rate questions in a judicial manner.

They are accustomed to study traffic and for them to take under their jurisdiction the consideration of the rates of air lines would not be straining their intellect terribly because they are accustomed to doing that kind of work. As to safety devices, may I remind the gentleman from Iowa that the Interstate Commerce Commission now has jurisdiction over the safety devices on the railroads. True, those devices do not resemble the safety devices which are necessary in air commerce, but it could employ experts to help them and we could put in an administrator, as we do in this bill. We could put in a director of safety, as we do in this bill. You would then have a logical set-up for carrying out the logical policy of the Government.

Mr. EICHER. The gentleman concedes that to accomplish that we would have to reorganize the Interstate Commerce Commission.

Mr. WADSWORTH. I believe so.

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. WADSWORTH. Mr. Chairman, here is my complaint as to the way in which this has come about. I wish the Interstate Commerce Committee had known earlier that an interdepartmental committee was to do the work of drafting the bill. If we had we could have gone to them and demonstrated conclusively that it should not attempt to persuade the Congress to depart from this policy. We could have sat down with them, a subcommittee of our committee, and a subcommittee of the interdepartmental committee, and drafted a bill reorganizing the Interstate Commerce Commission, and making it thoroughly effective in covering this thing. We could have given to the Interstate Commerce Commission this jurisdiction and in doing so we would have been carrying out the recommendations of the President of the United States.

Mr. SHEPPARD. Will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from California.

Mr. SHEPPARD. Does the gentleman believe from the recent expression of this House that the Members have in mind reorganizing anything?

Mr. WADSWORTH. I think the House is perfectly able to and is inclined to reorganize things.

Mr. SHEPPARD. That was not demonstrated by the recent act of the House.

Mr. WADSWORTH. That had to do with letting somebody else do it.

Mr. SHEPPARD. Not necessarily.

Mr. TERRY. Will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Arkansas.

Mr. TERRY. The gentleman from Iowa [Mr. EICHER] mentioned awhile ago the matter of safety devices in connection with aviation. I believe that in the Aeronautical Division of the Department of Commerce is lodged jurisdiction over questions of safety?

Mr. WADSWORTH. Yes.

Mr. TERRY. And they have gone into that matter very fully.

Mr. WADSWORTH. The Department through its Bureau of Aeronautics now governs safety. [Applause.]

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. WITHROW].

Mr. RANDOLPH. Will the gentleman yield?

Mr. WITHROW. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. I desired to ask a question of the gentleman from New York [Mr. WADSWORTH], but I am certain that the gentleman from Wisconsin is familiar with the subject and can also answer this question. There are peculiar advantages to both the Interstate Commerce Commission control or the new authority as placed in the administration of this bill. There are certain broad immediate needs for an aviation policy for this Nation to follow. The gentleman believes there is that need which should be met now?

Mr. WITHROW. I do not think there is any question in the minds of the members of the committee in that regard, and I hope I am not presuming too much when I say that there is need for coordination in the administration of aeronautics.

Mr. Chairman, I am in entire agreement with most of the approaches in the bill. I want to commend the chairman of the Committee on Interstate and Foreign Commerce for the very fine work done on the bill. It is not at all agreeable for me to oppose the majority members of my committee. In this instance I am supporting the so-called Crosser amendments which have to do with certain requirements and certain regulations relative to the wages and hours of pilots. I believe that is basic and that it is an elementary necessity as a definite part of the bill. I am also supporting

an amendment that will be offered by the gentleman from Michigan [Mr. MAPES], which will concentrate the authority of administration in the I. C. C. because I believe that likewise is constructive and absolutely necessary.

We are all in agreement that something must be done to coordinate the administration of aeronautics. It is absolutely necessary, and I believe that criticism of past administration is justified. There has not been proper coordination, and the reason for that is that part of the administrative authority is in the Post Office Department, part of the administrative authority is with the Department of Commerce, and the other part of the administrative authority is vested in the I. C. C. Until you vest in one governmental organization that will act independently you will have no coordination. There is no indication on the part of any of the airplane corporations that they are going to set up any board of their own to coordinate the industry; therefore the Government must do it, and any coordination that has been attempted thus far has been done through the Federal Government.

If there is any criticism of that coordination, I have never heard any of the criticism pointed toward the I. C. C. If there is anything wrong with the phase of the administration the I. C. C. exercises over the aeronautical industry, I believe that here and now is the time to make public that criticism. The I. C. C. in reality is an independent arm of the Government.

I believe most of the opposition to the centralizing of this authority in the I. C. C. is due to the fact that there are individuals and corporations within the United States that realize the I. C. C. is really an independent organization, independent in action and thought. What applies to the aeronautical industry applies with more force, Mr. Chairman, to the transportation agencies of this country, because if you do not harmonize all of the transportation facilities of this country you will not have a real front, you will not have a real national defense, and the transportation facilities of the country will not be operated in the public interest.

Mr. Chairman, I want to quote testimony for a moment. I believe the people who are most interested in aeronautics are probably the people who fly the ships, because in looking out for their own safety they are looking out for the safety of the passengers who travel on ships in the air.

I shall soon quote from the testimony of Mr. Behncke, who is president of the Air Line Pilots Association. The Washington Herald in an editorial on May 9 had the following to say:

> If there is one body of men in the world who ought to be considered experts beyond challenge in their field it is the Air Line Pilots Association, whose members fly millions of miles over America each year. These men go aloft morning, noon, and night as the sole custodians not only of their own lives, but the lives of thousands of other people.

This is what the president of the Air Line Pilots Association had to say when appearing before the House Committee on Interstate and Foreign Commerce:

> We believe that all forms of transportation should be coordinated into a single agency. We believe there is a great advantage to having air transportation regulated by an experienced body such as the Interstate Commerce Commission, where the rules and practices are known and the effects can be reasonably predicted. Any new agency must necessarily be an unknown quantity until it has gone through a character-building period during which time practically all of its rules, procedures, practices, and so forth must be worked out by trial and error, and after many years they will probably be on the same footing with an agency such as the Interstate Commerce Commission insofar as actual results are concerned. In other words, a new agency will have to go through a long period before it becomes stabilized in the same way and to the same extent as the Interstate Commerce Commission practices are stabilized today.

This is from the President of the Air Line Pilots Association, a man who has taken ships aloft, a man who is interested in the welfare of the pilots, who are the sole custodians of the ships.

Last year the House Committee on Interstate and Foreign Commerce recommended by a unanimous vote legislation that would retain with the Interstate Commerce Commission this authority. I have not changed my mind since that recommendation was made by the committee, but apparently there has been a change in the attitude of a great many members of the committee with regard to that particular measure. I believe it was good legislation then and I still believe it is good legislation.

What has happened since May 1937? An interdepartmental committee was formed. I say this very advisedly. This interdepartmental committee consisted of the Assistant Secretaries of State, War, Navy, Post Office, Commerce, and the Treasury. It seems rather peculiar that the Interstate Commerce Commission was not represented on that interdepartmental committee, but representatives of the I. C. C. were permitted only to testify before that committee and their testimony is not available either to the House Committee on Interstate and Foreign Commerce or to the House itself. To me, this interdepartmental committee may be likened to a sewing circle. If you do not attend the sewing circle you get your feathers plucked. Believe me, in this particular instance they certainly plucked the I. C. C.

Bear in mind you are not setting up a temporary agency; you are setting up a permanent agency of the Government. There are those who will claim, probably, that by setting up this particular arm of the Government, this particular agency, you will in reality be saving the Government money.

Mr. ZIMMERMAN. Mr. Chairman, will the gentleman yield?

Mr. WITHROW. I will yield in a few moments.

In reply to that claim I may say I have seen a great many permanent agencies of the Government established, as have you, and if this agency saves the Government money it will be the first independent agency that has ever been set up that does save the Federal Government money. As a matter of fact, our experience has been that agencies have been established, and even when they are established temporarily they grow like toadstools. You cannot stop them. They will put one or two men on the job to justify their existence, and they will take every cent of money you have in your pocket if you will permit them to do it. This has been our experience thus far.

In conclusion, I may say that in my opinion, if you are interested in helping transportation, if you are interested in coordinating transportation, the place for you to vest this authority is the Interstate Commerce Commission, which has really been an independent agency. I believe, and I am sincere in the belief, that the fact the Commission has in reality been an independent agency is the reason that today it is being sacrificed. [Applause.]

Mr. LEA. Mr. Chairman, I yield 4 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman, I do not have very much time to discuss this all-important question of creating an independent aviation commission rather than turning the control and regulation of air commerce over to the Interstate Commerce Commission, but I may say there have been a number of investigations of this question during the past 10 years. The last investigation authorized by Congress was as the result of the passage of the Air Mail Act of 1934. Without an exception, all investigations, departmental as well as independent investigations, investigations that knew about the efficiency of the Interstate Commerce Commission and about the regulation of aviation by the Department of Commerce and also of the sponsoring of aviation by the Post Office Department, recommended the establishment of an independent aviation commission, exactly as is contained in the bill brought in by this committee.

In each case where experts investigated, an independent commission was recommended.

Now, something has been said about the President's position. The President recommended to Congress that it make a general study of the question of coordinating all forms of transportation in the Interstate Commerce Commission. The President did not say to reorganize the Interstate Commerce Commission immediately and place the control of aviation in that organization; but he asked the Congress to

make a study of it, and as yet the Congress has not had time to go into that subject. The President's commission, however, that was appointed made the recommendation that an independent agency be created to take over the authority and the control of aviation. Their recommendation is contained in the pending bill.

Oh, I have listened patiently during the last few minutes to the praise that has been heaped upon the Interstate Commerce Commission, and I have in the material before me some criticism of the Commission made only recently by the president of the American Federation of Labor regarding the attitude of the Commission in forcing the drivers of motor vehicles to work a 15-hour day, to work a 60-hour week, and I wondered where the efficient Commission, in this enlightened day of the shorter workweek and with the huge unemployment problem, finds ground for a decision that would have read well in the late days of the last century. Why, the Commission is already 18 months behind in its air-mail work; it is 2 years behind in carrying out the provisions of the Motorbus Regulation Act; and I do not know how far it is behind in trying to give the country effective administration of railroad transportation. Of course, I do not place all the blame in the I. C. C., Congress may have been neglectful in providing adequate funds. But we cannot remedy the condition by increasing the burden of the Commission. [Applause.]

The President's suggestion in his message on railroad relief, that "all executive functions relating to all transportation" should be placed "in one Federal department," and "all quasi-judicial and quasi-legislative matters relating to all transportation" be placed in a "reorganized Interstate Commerce Commission," was contrary to the policy of the civil aeronautics bill recently reported to the House by the Interstate and Foreign Commerce Committee which has been endorsed by the administration.

Suggestions by the President regarding the organization of the agencies dealing with transportation represent his views as to a desirable long-range solution of the administrative problem which he recommends for future congressional study with respect to all types of transportation. The need of regulation in the field of air transportation, however, is immediate, and it is imperative, if the soundness of the industry is to be preserved, that legislation be enacted at this session of Congress. For this reason, it has been deemed advisable to recommend that until such time as Congress has studied the broad problem of coordinating the Federal agencies dealing with all forms of transportation, Congress, in enacting legislation at its present session for the regulation of air transportation, should vest all of the functions relating to such regulation in a new independent agency.

The Interstate Commerce Commission is greatly overburdened with work, as is evidenced by the testimony of representatives of the Commission at hearings held in December by the House Committee on Appropriations on the independent offices appropriation bill. Thus, the Commission is apparently about 18 months behind in its work under the Air Mail Act of 1934 with respect to the review of rates for air-mail compensation, and is even further in arrears in its work under the Motor Carrier Act of 1935.

Joseph B. Eastman, a member of the Interstate Commerce Commission, in his report as Federal Coordinator of Transportation, transmitted to Congress on January 21, 1936, stressed the need for reorganization of that Commission in order to take care of its expanded functions with respect to motor carriers and possible future regulation of air transportation, and the report made to the President by Commissioners Splawn, Eastman, and Mahaffie, transmitted with the President's railroad message, again stresses the need for reorganization of the Commission.

In the face of these circumstances, it would be extremely unwise to vest at this time in the Interstate Commerce Commission the administration of the important new functions prescribed by the civil aeronautics bill for the detailed regulation of all phases of air transportation. These functions, other than those relating to safety regulation, are for the first time being applied to air transportation, a mode of transportation entirely different from any other mode, with many different problems, and at present in the throes of rapid development. The regulation of flying provided by the bill, involves more than the regulation of common-carrier transportation, but of all commercial interstate operation and flight on the civil airways established by the Federal Government, and includes promotional duties in connection with the development of aeronautics and such details as the examining and licensing of airmen. Most of these functions are entirely outside the scope of those now exercised by the Interstate Commerce Commission with respect to other forms of transportation. If the development of civil aeronautics in the United States is not to be retarded, it seems essential that the administration of the various features of the civil aeronautics bill be vested in an agency which can devote its entire time to a careful study of the problems of aviation and which can coordinate the various phases of aeronautics regulation, rather than to entrust such work to the Interstate Commerce Commission under the conditions now existing in the Commission.

Until such time as Congress can make the study recommended by the President in his railroad message regarding the reorganization of the Interstate Commerce Commission and the creation of a unified Federal transportation agency, it is the only proper course and is certainly not inconsistent with the President's suggestion to vest the regulation of air transportation in a new agency which will deal only with such transportation.

Mr. MAPES. Mr. Chairman, I have no further requests for time on this side.

Mr. LEA. Mr. Chairman, I yield 3 minutes to the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Chairman, I can endorse every word in praise of the Interstate Commerce Commission uttered by the gentleman from New York [Mr. WADSWORTH] and by the gentleman from Wisconsin [Mr. WITHROW]; in fact, I eulogized the Interstate Commerce Commission here Saturday afternoon on the floor of the House on this bill to such an extent that I had to tone down my remarks a little for inclusion in the RECORD for fear of offending other agencies of the Government.

However, I can do this without arriving at the conclusions they have arrived at concerning this legislation. I stated Saturday I started out on the committee hearings very strongly for the Interstate Commerce Commission and against the creation of a new agency and wound up for the independent authority by reason of the showing there that convinced me that this great, new, world-wide activity—the only form of transportation in the world that knows no land or sea, not even international boundaries—expanding with great rapidity, and highly experimental, ought to be placed in an independent agency that could devote its entire time and attention to the activity; and, as has just been well stated by the gentleman from New York [Mr. MEAD], the Interstate Commerce Commission, as now organized and as now overloaded, is not in a position to handle this activity rapidly and efficiently. This condition cannot be successfully denied. The Commission itself does not question it.

So far as I am concerned, having changed my own mind from the Interstate Commerce Commission to a new authority during the hearings, I do not feel in a position to criticize anybody higher up the line who has done so. As pointed out by Mr. WADSWORTH, the President himself has done so. He is for this bill.

I concede, just as the gentleman from New York has said, that our committee, which reported this bill out by more than a two-thirds majority, last year unanimously reported out a bill placing jurisdiction of this activity in the Interstate Commerce Commission. That bill bogged down and got nowhere, but I do not believe that the real reasons behind the failure of that bill have been made evident, and it is a delicate matter to discuss, but every member of that committee knows that the departments involved were not willing to surrender to another department or to have transferred to

another existing agency of the Government the jurisdiction they then possessed, and they appeared before our committee and made the fact known.

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I yield the gentleman from Colorado 1 additional minute.

Mr. MARTIN of Colorado. I have always had the impression that the reason that bill bogged down was because of opposition from departments down the Avenue, but when they got this interdepartmental committee organized and it proposed to transfer all of their authorities to a new agency, they went along with that. They were not willing to have them transferred to each other, but we all know that story only too well.

I may say further than every word that has been said here this afternoon in behalf of placing aviation under the Interstate Commerce Commission would apply with 10 times greater force to water transportation, over which the Interstate Commerce Commission already had jurisdiction in the matter of through routes and joint rates between railroads and ship lines, and yet a year ago this House deliberately stripped the Interstate Commerce Committee of all its jurisdiction over water transportation and set up a new Maritime Commission to have jurisdiction over all water transportation, even the inland waterways, which compete directly with the railroads. That is another thing that has dampened my ardor a little for unified control, but I would still be for it if it appeared feasible.

I believe there should be one agency with jurisdiction over all forms of transportation. An enlarged and subdivided Interstate Commerce Commission could handle that, but we cannot reorganize the Interstate Commerce Commission now. So the only thing we can do is turn aeronautics over to this new authority. [Applause.]

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I yield 2 minutes to the gentleman from West Virginia [Mr. RANDOLPH].

Mr. RANDOLPH. Mr. Chairman, with prophetic vision almost a hundred years ago Tennyson wrote a poem in which he said:

> For I dipt into the future, far as human eye can see,
> Saw the vision of the world, and the wonder that would be;
> Saw the heavens filled with commerce, argosies of magic sails,
> Pilots of the purple twilight, dropping down with costly bales.

I agree that those words were prophetic. [Applause.]

We are faced with a new day. Aviation is at the crossroads, and we must act now to aid this great industry.

It seems like only yesterday—it was 10 years ago and a little more—that Charles Lindbergh flew his frail craft from New York to Paris while the world applauded his daring. He pioneered. Since then many flights across the Atlantic have been made successfully, and it will not be many months until regular trans-Atlantic service will be placed in operation. Soon the vision will be vitalized into the commonplace and what was a few short years ago just a dream becomes a dynamic reality. Many reasons compel us as Members of Congress to realize that we can no longer delay in taking action which will properly give to aviation and its allied branches the need which it merits.

The House Committee on Interstate and Foreign Commerce has favorably reported out H. R. 9738, a bill to create a Civil Aeronautics Authority, to provide for the regulation of civil aeronautics, and for other purposes.

I presume that it is not necessary for me to invite the attention of the membership to the fact that immediate legislation is necessary at this session in order to prevent serious financial and operating difficulties in the air transport industry prior to the convening of the next Congress.

Few subjects have received as extensive study and investigation by agencies of the Government in recent years as has aeronautics. Reports regarding it, including studies of congressional committees, are full and comprehensive. What is needed now is action—action at this session of the Congress.

Air transport is today the only mode of transportation and communication for which there exists no comprehensive and permanent system of Federal economic regulation. The consequences of the existing lack of economic controls over the industry are serious in that America's air transport industry faces a financial crisis. The air lines are desperately in need of sound financing on a business basis and they desperately need a rational means for eliminating waste and fostering economies under sound governmental supervision. The present disorderly financial situation should not be permitted to continue if tragic consequences are to be avoided. Steps based upon practical experience are necessitated now. A sound and permanent pattern for the commercial progress of this industry needs quickly to be marked out. Granted this requisite legislative action, the air transport industry seems ready for a buoyant growth which will play its part in aiding business while simultaneously furthering the needs of the national defense.

The air-transport industry has become a vital transportation medium with incalculable promise to the future of commerce and to the efficiency of the Nation in time of possible military emergency. The industry has reached the point where unbridled and unregulated competition is a public menace. The economics of American air transportation within and without the United States are intimately associated and require integrated Government control. Permanent long-term legislation covering the economic phases of the industry is required to make possible the carrying out of a healthy long-range planning on the part both of management and of government, and to avoid rate war, cutthroat devices, and destructive and wasteful practices of which there have been disturbing signs. Economic power and reckless management should not be permitted to injure the smaller lines, the employees of the companies, and the public.

H. R. 9738 provides for a coordinated regulation of aeronautics under a new Federal agency. It vests the regulation of economic problems and of the safety factors of the industry in a nonpolitical, permanent agency of the Government. It foresees economic regulation premised on the tried and tested American device of certificates of convenience and necessity. It thus provides the virtue of ease of government control under a method that is both familiar and tested, preventing unsound and unjustifiable ventures, outlawing piratical practices while preserving healthy competition and protecting the smaller lines. It proposes to regulate rates to the extent necessary in the public interest and it permits of cooperative action under sound Government supervision with a view to eliminating waste, encouraging economies, and the promotion of travel and trade. It will make possible new financing under the direction of the regulatory body. Its broad provisions should improve safety conditions. It will assure to aeronautics an orderly and sound growth. It will inspire public confidence. It should attract the highest type of management. And it will constitute a steady advance toward a coordination of America's transportation facilities. Its steps are based upon experience and dictated by necessity.

Should the Congress later decide to place all mediums of transportation in one Federal department—old or new—then the new proposed authority can be included as one of the divisions therein just as will naturally be included the other Federal authorities now regulating other mediums of transportation.

To promote a saner air-mail system, to foster sound economics in air transport, to further healthy growth of civil aeronautics, and to provide a bulwark of national defense, I urge the enactment at this session of the Congress of H. R. 9738. [Applause.]

Mr. LEA. Mr. Chairman, I yield myself the balance of the time on this side.

The CHAIRMAN. The gentleman from California is recognized for 5 minutes.

Mr. LEA. Mr. Chairman, I think that no member of our committee will accuse the chairman of the committee of being slavish to this or any other administration. I come before you today advocating the separate commission this bill provides for, not because the administration itself wants it, as it does, but because I believe from the standpoint of efficient administration this unit control, this independent commission can give a service that will meet the situation far better than the Interstate Commerce Commission could possibly do under present conditions.

I pointed out to you Saturday in the language of three members of the Interstate Commerce Commission, that in substance that Commission is not now in position to take on the duties this bill creates until it is so rearranged as to handle this new work properly.

Over 3 years or so ago, after the President had recommended the I. C. C., I introduced a bill in favor of a separate commission because I thought it was the best way to do to meet the problems of aviation at that time. The present situation, in my judgment, intensifies the reasons why this separate commission is needed. The air lines of the United States are practically unanimous in wanting this separate commission. The two commissions heretofore appointed by the President to study these questions have both favored separate commissions. The I. C. C. with its present set-up is not in position to give to this problem of aviation, a new and urgent problem, that prompt and undivided attention the situation demands.

This is the eleventh hour of this Congress. A long time has been spent in working out this bill. It is too late for the friends of aviation and those who want real administration to throw a monkey wrench into the machinery by trying to turn back to what we were working on a year ago.

In the pending bill we have a measure that on its merit deserves support. This measure is a better bill than any we have heretofore presented. So I appeal to the friends of the administration, if you please, to the friends of aviation, and to those who want action and a businesslike administration of that function of government, to support this bill as it is, particularly as to the regulatory authority feature.

The bills pending in the Senate, the bills that will receive serious consideration, provide for a separate commission. The pending bill would unify Federal regulation of aviation. We have taken control from three departments and placed it in an independent commission with authority to handle every phase of aviation. The I. C. C., with its present set-up, is overloaded. No other agency of the Government has a set-up so well qualified for aviation regulation as the independent body this bill would create. This work can be done at a minimum of cost because the unification here proposed makes for efficiency and economy. More important still for aviation, it makes prompt action possible.

Our transportation agencies need coordination. In this bill we have provided coordination far beyond what we wrote into the bill a year ago. The selection of airways, the providing of navigational facilities, safety, the promotion of aviation—those were left with the Commerce Department by the bill of a year ago. We have taken them all, including the features handled by the I. C. C. and the Post Office Department and put them in one unified commission that can give its undivided attention to the problems of aviation.

When we speak of coordination what do we mean? Coordination of transportation is not simply dumping regulation into one body. What is the situation we have today in the regulation of trucks and busses by the I. C. C.? I am not saying this in any criticism for I admire the I. C. C. I think it should be reorganized, however, and finally given the regulation and coordination of our various transportation agencies in this country.

Even now we do not have coordination as between the busses and the rails. We placed the regulation of both in one agency, but that did not make coordination. Coordination is not a question of dumping into one commission. If we want real coordination, we must begin with the coordination of rates. The question of rate coordination is not now and for some years to come will not be an acute problem as between air and surface transportation. Air cost prevents that problem for the present. We have time to wait to place aviation in a coordinating agency with land transportation until we have first properly organized a coordinating regulatory authority. We must assign to each transportation competitive system that type of transportation which it can carry to the best economic advantage. That may mean in some instances excluding some agencies from uneconomic transportation and organizing the I. C. C. to function as an effective unified regulatory agency. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. All time has expired. The Clerk will read the committee substitute for amendment.

The Clerk read as follows:

TITLE I—GENERAL PROVISIONS

DEFINITIONS

SECTION 1. As used in this act, unless the context otherwise requires—

(1) "Aeronautics" means the science and art of flight.

(2) "Air carrier" means any citizen of the United States who undertakes, whether directly or indirectly or by a lease or any other arrangement, to engage in air transportation: *Provided*, That the Authority may by order relieve air carriers who are not directly engaged in the operation of aircraft in air transportation from the provisions of this act to the extent and for such periods as may be in the public interest.

(3) "Air commerce" means interstate, overseas, or foreign air commerce or the transportation of mail by aircraft or any operation or navigation of aircraft within the limits of any civil airway or any operation or navigation of aircraft which directly affects or which may endanger safety in interstate, overseas, or foreign air commerce.

(4) "Aircraft" means any contrivance now known or hereafter invented, used, or designed for navigation of or flight in the air.

(5) "Aircraft engine" means an engine used, or intended to be used, for propulsion of aircraft and includes all parts, appurtenances, and accessories thereof other than propellers.

(6) "Airman" means any individual who engages, as the person in command or a pilot, mechanic, or member of the crew, in the navigation of aircraft while under way, and (except to the extent the Authority may otherwise provide with respect to individuals employed outside the United States) any individual who is in charge of the inspection or maintenance or overhauling or repair of aircraft or parachutes or other safety or navigational devices or accessories, or who serves in the capacity of aircraft dispatcher or air traffic control tower operator.

(7) "Air navigation facility" means any facility used or available for use in aid of air navigation, including landing areas, weather information service, lights, all types of signals, radio directional finding apparatus, and radio or other electrical communication apparatus.

(8) "Air space reservation" means a zone, identified by an area on the surface of the earth, in which the flight of aircraft is prohibited or restricted.

(9) "Air transportation" means interstate, overseas, or foreign air transportation or the transportation of mail by aircraft.

(10) "Appliances" means instruments, equipment, apparatus, parts, appurtenances, or accessories, of whatever description, which are used, or are capable of being or intended to be used, in the navigation, operation, or control of aircraft in flight (including parachutes and including communication equipment and any other mechanism or mechanisms installed in or attached to aircraft during flight), and which are not a part or parts of aircraft, aircraft engines, or propellers.

(11) "Authority" means the Civil Aeronautics Authority.

(12) "Citizen of the United States" means (1) an individual who is a citizen of the United States or of one of its possessions, or (2) a partnership of which each member is an individual who is a citizen of the United States or of one of its possessions, or (3) a corporation or association created or organized under the laws of the United States or of any State, Territory, or possession of the United States, of which the president and two-thirds or more of the board of directors and other managing officers thereof are individuals who are citizens of the United States or of one of its possessions and in which at least 75 percent of the voting interest is owned or controlled by persons who are citizens of the United States or of one of its possessions.

(13) "Civil aircraft" means any aircraft other than a public aircraft.

(14) "Civil aircraft of the United States" means any aircraft registered as provided in this act.

(15) "Civil airway" means a route in the navigable air space designated or approved by the Administrator as an air route suitable for interstate, overseas, or foreign air commerce.

(16) "Conditional sale" means (a) any contract for the sale of an aircraft or portion thereof under which possession is delivered to the buyer and the property is to vest in the buyer at a subsequent time upon the payment of part or all of the price, or upon

the performance of any other condition or the happening of any contingency; or (b) any contract for the bailment or leasing of an aircraft or portion thereof by which the bailee or lessee contracts to pay as compensation a sum substantially equivalent to the value thereof, and by which it is agreed that the bailee or lessee is bound to become, or has the option of becoming, the owner thereof upon full compliance with the terms of the contract. The buyer, bailee, or lessee shall be deemed to be the person by whom any such contract is made or given.

(17) "Control" includes both direct and indirect control.

(18) "Conveyance" means a bill of sale, contract of conditional sale, mortgage, assignment of mortgage, or other instrument affecting title to, or interest in, property.

(19) "Foreign air carrier" means any person, not a citizen of the United States, who undertakes, whether directly or indirectly or by a lease or any other arrangement, to engage in foreign air transportation.

(20) "Foreign air commerce" means the carriage by aircraft of persons or property for compensation or hire, or the carriage of mail by aircraft, or the operation or navigation of aircraft in the conduct or furtherance of a business or vocation, in commerce between any place in the United States (including the Philippine Islands) and any place outside thereof, whether such commerce moves wholly by aircraft or partly by aircraft and partly by other forms of transportation.

(21) "Foreign air transportation" means the carriage by aircraft of persons or property as a common carrier for compensation or hire, or the carriage of mail by aircraft, in commerce between any place in the United States (including the Philippine Islands) and any place outside thereof, whether such commerce moves wholly by aircraft or partly by aircraft and partly by other forms of transportation.

(22) "Foreign civil aircraft" means any aircraft, other than a military aircraft, which is not eligible to register under the provisions of this act.

(23) "Interstate air commerce" means the carriage by aircraft of persons or property for compensation or hire, or the carriage of mail by aircraft, or the operation or navigation of aircraft in the conduct or the furtherance of a business or vocation, in commerce between a State of the United States, or the District of Columbia, and any other State of the United States, or the District of Columbia; or between places in the same State of the United States through the air space over any place outside thereof; or between places in the same Territory or possession of the United States, or the District of Columbia, whether such commerce moves wholly by aircraft or partly by aircraft and partly by other forms of transportation.

(24) "Interstate air transportation" means the carriage by aircraft of persons or property as a common carrier for compensation or hire, or the carriage of mail by aircraft, in commerce between a State of the United States, or the District of Columbia, and any other State of the United States, or the District of Columbia; or between places in the same State of the United States through the air space over any place outside thereof; or between places in the same Territory or possession of the United States, or the District of Columbia, whether such commerce moves wholly by aircraft, or partly by aircraft and partly by other forms of transportation.

(25) "Landing area" means any locality, either of land or water, which is used, or intended to be used, for the landing and take-off of aircraft, whether or not it provides additional facilities for the shelter, supply, and repair of aircraft and includes airports and intermediate landing fields. "Airport" means a landing area used regularly by aircraft for receiving or discharging passengers or cargo.

(26) "Mail" means United States mail and foreign transit mail.

(27) "Navigable air space" means air space above the minimum altitudes of flight prescribed by regulations issued under this act.

(28) "Navigation of aircraft" or "navigate aircraft" includes the piloting of aircraft.

(29) "Operation of aircraft" or "operate aircraft" means the use of aircraft, for purposes of air navigation, by the operator thereof, or the navigation of aircraft. Any person who has the right of legal control (in the capacity of owner, lessee, or otherwise) of the aircraft on his own account shall be considered as the operator of the aircraft, and any person who causes or authorizes the operation or navigation of aircraft will be deemed to "operate aircraft" within the meaning of this act.

(30) "Overseas air commerce" means the carriage by aircraft of persons or property for compensation or hire, or the carriage of mail by aircraft or the operation or navigation of aircraft in the conduct or furtherance of a business or vocation, in commerce between a State of the United States, or the District of Columbia, and a Territory or possession of the United States (including the Philippine Islands); or between Territories or possessions of the United States (including the Philippine Islands), whether such commerce moves wholly by aircraft or partly by aircraft and partly by other forms of transportation.

(31) "Overseas air transportation" means the carriage by aircraft of persons or property as a common carrier for compensation or hire, or the carriage of mail by aircraft, in commerce between a State of the United States, or the District of Columbia, and a Territory or possession of the United States (including the Philippine Islands); or between Territories or possessions of the United States (including the Philippine Islands), whether such commerce moves wholly by aircraft or partly by aircraft and partly by other forms of transportation.

(32) "Person" means any individual, firm, copartnership, corporation, company, association, joint-stock association, or body politic; and includes any trustee, receiver, assignee, or other similar representative thereof.

(33) "Pilot" means all classes of pilots, including copilots.

(34) "Propeller" includes all parts, appurtenances, and accessories thereof.

(35) "Possessions of the United States" shall include the Canal Zone: *Provided*, That nothing herein shall impair or affect the jurisdiction which has heretofore been, or may hereafter be, granted to the President to regulate air navigation in the Canal Zone.

(36) "Public aircraft" means an aircraft used exclusively in the service of any government or of any political subdivision thereof, including the government of any State, Territory, or possession of the United States, or the District of Columbia, but not including any government-owned aircraft engaged in carrying persons or property for commercial purposes.

(37) "United States" means the several States, the District of Columbia, and the several Territories and possessions of the United States, including the territorial waters and the overlying air space thereof.

Mr. MAPES. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. MAPES: On page 111, line 23, strike out, after the "(1)" the words "'Authority' means the Civil Aeronautics Authority" and insert the words "'Commission' means the Interstate Commerce Commission."

Mr. MAPES. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MAPES. Mr. Chairman, those of us who are opposed to the creation of another governmental agency for the purpose of regulating air commerce or commercial aviation, and who favor putting this authority in the Interstate Commerce Commission, have decided upon this means of testing the sentiment of the House on the question. The amendment which I have offered is to the definition section. It is to strike out the reference to the Civil Aeronautics Authority and substitutes in its stead the Interstate Commerce Commission. If it is adopted, it will be necessary, of course, to amend other provisions of the bill in order to harmonize them with this amendment.

There is not much new I can say on the subject that has not already been said, but I desire to make reference particularly to some of the statements that have been made in general debate. I think the gentleman from New York [Mr. MEAD] in his closing remarks mentioned one of the principal reasons why authority to regulate air commerce is not lodged with the Interstate Commerce Commission in this bill and why a new authority is created when he indicated, as his remarks clearly show, that the Interstate Commerce Commission is not well thought of in some quarters. Some of us on the committee have reason to believe that that is one of the principal reasons why this power is not given to the Interstate Commerce Commission.

Mr. MEAD. Will the gentleman yield to correct the RECORD?

Mr. MAPES. If the gentleman will make it snappy.

Mr. MEAD. May I say to the gentleman that I said the Interstate Commerce Commission is 18 months behind in its work with regard to aviation, 2 years behind with regard to the motor-bus business, and I do not know how many years behind so far as the railroad problems of the country are concerned.

Mr. MAPES. If what the gentleman says is true, it is not the fault of the Interstate Commerce Commission. It is the fault of the Congress for not providing adequate funds for the Commission to do the work which has been assigned to it.

The gentleman from Colorado [Mr. MARTIN] has very frankly stated to the House that he has changed his position on this question. Of course, we all recognize the right of anyone to change his mind. But, Mr. Chairman, I would like to read the statement of the gentleman from Colorado favoring the Interstate Commerce Commission as it appears

in the committee hearings and allow the Members of the House to compare it with his statement now for this new authority so that they can determine for themselves which is the better reasoning.

I quote from the statement of Mr. MARTIN of Colorado on page 140 of the hearings, as follows:

> I think anybody can see how conflicts between different branches of a given activity can be best composed by a unified control which would not be interested in building up one against the other as all separate commissions naturally would be. It is enough to discourage a man in making endeavors with reference to any program to reorganize and simplify the Government when we are utterly unable, as the situation arises, to follow out any such a program and go right along as if no such program was in existence and set up one commission after another, such as the Bituminous Coal Commission, the Maritime Commission, and we have got two or three separate social-security boards, and all that sort of thing.
>
> This bill is an endeavor to get a thoroughly unified control of the air. I cannot for the life of me see why there could not be set up a separate division of the existing transportation authority, the Interstate Commerce Commission, to handle this, and another separate division to handle water transportation.

I have not the time to read all of the gentleman's statement, but he went on to give as an illustration the formation of the Department of Labor to take care of labor troubles and the subsequent action of Congress in creating the National Labor Relations Board and a half dozen other boards, that the gentleman enumerates, to deal with labor questions.

He ends his statement as follows:

> It has raised a question in my mind: Why a Department of Labor if every time there is a law passed affecting labor it is to be placed under the jurisdiction of a new commission?
>
> It is to my mind grossly illustrative of our inability to follow any consistent plan in government.
>
> So what we are doing, what we are doing in this field, is what we are doing in every other field. That is all.

I leave it to the membership of the House to determine whether the gentleman's reasoning before the Committee on Interstate and Foreign Commerce in behalf of the Interstate Commerce Commission was not much sounder and more convincing than it was here on the floor of the House in general debate on behalf of this new authority.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. MAPES. I yield to the gentleman from Colorado.

Mr. MARTIN of Colorado. Has the gentleman read my remarks before the committee? It sounded to me as if I put up a pretty substantial argument.

Mr. MAPES. The gentleman certainly did. It convinced a lot of us, and some of us have not been able to change our position as rapidly as the gentleman from Colorado.

Mr. MARTIN of Colorado. The trouble is that the gentleman is reading from very early in the hearings.

Mr. MAPES. Page 140.

Mr. MARTIN of Colorado. But my theory ran into a condition, as it did in the case of a majority of the committee. It seems to me in view of the fact I did express those views and that I still adhere to them, my present position in favor of this independent authority, which was arrived at solely on the evidence presented to the committee, ought to carry all the greater weight. I went over this whole matter explicitly in general debate Saturday.

Mr. MAPES. Mr. Chairman, the gentleman's further remarks in general debate this afternoon also go to show to what a low estate the House of Representatives and the Congress have fallen in the consideration of legislation. The gentleman related quite accurately why the bill on the House Calendar and the bill on the Senate Calendar have not made any progress. It was because of opposition to them in the departments, as the gentleman from Colorado stated. Now, the House of Representatives is asked to pass a bill contrary to the judgment, I dare say, of 90 percent of the Members, simply because the departments have recommended it. As the gentleman stated, the departments objected to the transfer of this authority to the Interstate Commerce Commission. I believe the reason was, as the gentleman from New York [Mr. MEAD] has pointed out, because the Interstate Commerce Commission is not liked by some. That Commission is not political. It is pretty independent. It does its work regardless of political considerations. Now, because this "sewing-society committee," as the gentleman from Wisconsin [Mr. WITHROW] has called it, brings in a bill, we are asked to swallow it and enact it into law. [Applause.]

[Here the geval fell.]

Mr. MARTIN of Colorado. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wish to ask the gentleman from Michigan a question which in my opinion, stripped of everything else, is the real issue presented here by this bill. Does the gentleman believe the Interstate Commerce Commission as at present organized and as at present burdened, and I believe the gentleman from New York [Mr. MEAD] made a fair statement of the condition of its docket, is now in a position to take charge of this great new agency, with respect to a world-wide air service, not simply domestic, but foreign, a rapidly expanding and highly experimental service? Does the gentleman believe that Commission is in a position to take in charge that activity and give it the efficient service and attention it ought to have?

Mr. MAPES. I may say to the gentleman from Colorado that I feel the Interstate Commerce Commission would have to have some additional help, of course. It would have to have some additional appropriations and perhaps set up a new division. However, we could pass the necessary legislation for that in a very short time. We have had a whole year in which to do it. The administration of this law by the Interstate Commerce Commission would cost an infinitesimal amount, in my judgment, as compared with what it will cost to administer the law by this new authority.

Mr. MARTIN of Colorado. Mr. Chairman, the gentleman's answer virtually concedes that new legislation and reorganization of the Commission is necessary. I do not recede one iota from my conviction that there ought to be a unified control over all forms of transportation, but I must recognize the fact we do not have at this time an agency that can handle all forms of transportation.

I called attention a while ago to what the House of Representatives did a year ago. At that time the Interstate Commerce Commission had and for years had had certain jurisdiction over water transportation, including through routes and joint rates between the rail carriers and the ships, and there was jurisdiction in the House Committee on Interstate and Foreign Commerce to handle such legislation. A year ago the House of Representatives stripped the House Committee on Interstate and Foreign Commerce of its jurisdiction and stripped the Interstate Commerce Commission of its jurisdiction and placed under a new agency, the Maritime Commission, an activity which the Interstate Commerce Commission is 10 times better able to handle at this time than it is to handle aviation. Where then were these eloquent appeals for the Interstate Commerce Commission and for unified control?

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. I yield to the gentleman from Arizona.

Mr. MURDOCK of Arizona. May I say that the discussion we have heard for the last 30 minutes reveals clearly the fact that the House is not in a position to carry on needed reorganization of the executive departments? Just recently the House virtually voted down a reorganization bill largely on the ground that no one man ought to have such authority. Many in this body and outside at that time said that the reorganization should be done by the Congress, while admitting that reorganization was sadly needed. However, the discussion within the last 30 minutes shows this body is not in a position to bring about a satisfactory reorganization. Congress can start a commission, but it would seem a hopeless task to try to stop one, even if it should be no longer needed.

Mr. MARTIN of Colorado. I fear the gentleman from Arizona is right. Mr. Chairman, I wish to make an addi-

tional observation. It has been pointed out and stressed here that the bill reported out a year ago vesting jurisdiction in the Interstate Commerce Commission was unanimously reported, and that is a fact. It is also a fact that the present bill was reported out practically without opposition. There was no record vote nor any record vote called for. There are only 8 members out of 27 on the minority report. There may have been three or four members who took the position taken by the gentleman from Michigan, but the fact remains that the overwhelming majority of the same committee that a year ago reported the bill out unanimously reported out this bill, and they did it, just as I did, because, after having heard all the evidence, they came to the conclusion that this great new industry now going on the rocks for want of control required a separate agency which could give all of its time to the industry in order to do justice to it and help develop and expand and control it. It is going into bankruptcy for want of control. This is the actual condition of commercial aviation at this time.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. In support of the gentleman's position, which I know is taken after careful study, I may say that we find on page 343 of the hearings this statement by Colonel Gorrell, president of the Air Transport Association of America:

> The Federal Government regulates, and must regulate, not only air-carrier transport but miscellaneous flying as well. In the case of the locomotive one does not find miscellaneous uses. The locomotive is almost exclusively a device of the common carrier. In the case of the automobile one does not find Federal traffic rules governing all sorts of persons using cars for miscellaneous purposes. But in the case of aircraft the Congress decided in 1926 that Federal regulation would virtually blanket the field.

Mr. MARTIN of Colorado. Exactly; and Colonel Gorrell's exceptionally able presentation before our committee had a lot to do with my changing my mind, I may say to the gentleman. If anybody in the United States knows aviation, it is Colonel Gorrell. [Applause.]

[Here the gavel fell.]

Mr. HARLAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I would be the last man in this House to say anything critical of the Interstate Commerce Commission. They are a hard-working, capable group of men doing the best they can. Like the doggerel of the poor, benighted Hindu, "They are doing the best they kin do."

The fact of the matter is it is one of our governmental agencies that combines in itself legislative, executive, and judicial functions, and it is all balled up in its own routine. As has been stated here, it is way behind in the work it is doing and the Commission is not systematized to do the work that is now imposed upon them.

Not one word has been said here that would indicate we would save one single employee by putting this in the Interstate Commerce Commission. The work that this proposed air-control bureau is to do will require a certain number of employees, and whether you put them in the Interstate Commerce Commission or in an independent agency, what difference does it make? Nobody has had the temerity to say here that we will save a dime by putting this in the Interstate Commerce Commission.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. HARLAN. I am sorry I cannot yield. I wish I could.

Mr. WADSWORTH. The gentleman is speaking of temerity. [Laughter.]

Mr. HARLAN. The functions of this bureau will be to handle foreign relations in getting landing fields, in making arrangements for foreign communications, and it will control 40,000 private planes that are in service in the United States, and its promotional work in the United States. Not one of these three functions has anything whatsoever to do with the Interstate Commerce Commission—not one. We might just as well put it in the hands of any other existing Federal bureau.

Ultimately, after our foreign relations are established, after some control is brought over these 40,000 private planes, and many more will be in service later on, after a system is established and after the other functions that this bureau will have to do in promotional work are performed, then we can, let us hope, bring this into some consolidated bureau; but we cannot do this now.

Let us hope that when this day comes Congress will have the courage to extend to its Executive the power to gather together these different groups that are working somewhat along the same line and have Government reorganization.

The gentleman from Michigan [Mr. MAPES] a moment ago criticized the gentleman from Colorado [Mr. MARTIN] for changing his mind. May I call the attention of the gentleman from Michigan to the fact that not more than 8 or 10 months ago the gentleman was in favor of letting our Executive reorganize the agencies of this Government. When President Hoover was in power he was vehemently in favor of letting our Executive reorganize the Government, but the gentleman has changed his mind now. Why is it inconsistent for some of the rest of us to do the same thing? It does not have anything to do with the merits of the case.

To put this new activity in the hands of the Interstate Commerce Commission, with work entirely outside of the functions of the Interstate Commerce Commission, with not a promise of saving a dime by putting it there, would be just like tying a millstone around the neck of our growing and budding air activities. [Applause.]

[Here the gavel fell.]

Mr. MEAD. Mr. Chairman, I move to strike out the last two words.

I believe the point made by my distinguished colleague from Ohio [Mr. HARLAN] to be an excellent one. Some Members blame Congress for failure of the Interstate Commerce Commission to keep their schedule up to date. Some say we do not give them enough money, and then, as a remedy, they suggest that we give them more work with the same amount of money so they will be further behind than they are at the present time. [Laughter.]

Now, with regard to the question of whether or not we create this independent agency or leave this work with the Interstate Commerce Commission, I want to make this point clear. For the last year Congress has been considering that very question and we have been considering two bills, one reported by the Interstate Commerce Committee and one by our committee on the Post Office and Post Roads. The bill reported by the Interstate Commerce Committee recommended that the work be given to the Interstate Commerce Commission. Our bill would leave it in the Post Office Department.

That question was stalemated in the Congress. No one outside of Congress was responsible because we could not pass the bill. Surely that was not the fault of the Interstate Commerce Commission. That was the situation, however, not only in the House but in the Senate, and so your committee very properly brings in this meritorious measure that in my judgment will not be met with the same opposition that met the question the other bills brought up in the last Congress.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. MEAD. I yield.

Mr. KVALE. I note in the minority report that the head of the Air Line Pilots Association is quoted apparently in opposition to the measure. Is it not a fact that that statement was not meant to be in contradiction of the principles of the bill but was meant to be a neutral attitude; and that with the amendments that are going to be offered by the gentleman from New York who is now addressing the Chamber, and also by the gentleman from Ohio, that the Air Line Pilots are agreeable to the measure?

Mr. MEAD. That is a fair statement, and I thank the gentleman.

The matter of the President's attitude has been brought up in this discussion. Let me say to you that in my judgment the attitude of the President has been misinterpreted. Here is what the President had to say:

All executive functions relating to all transportation should be placed in one Federal Department and all quasi-judicial and quasi-legislative matters relating to all transportation be placed in a reorganized Interstate Commerce Commission.

The President has in mind making it possible for the Interstate Commerce Commission really to catch up with its calendar. He would take out of the Commission all administrative work. He would leave it a quasi-judicial body; and I believe that if we would consider the President's suggestions rather than misinterpret the President's recommendations we would produce good legislation. [Applause.]

The time may come when Congress, in keeping with the President's recommendations, will reorganize and enlarge the Interstate Commerce Commission. When that reorganization takes place, the control of rates and related questions will no doubt be reposed in the Interstate Commerce Commission. The question before us is one of immediate concern and involves much more than the question of rates, of competition, and of policy. It involves regulations, licensing, promotion, and many other kindred matters.

Mr. CRAWFORD. Mr. Chairman, I rise in opposition to the pro forma amendment.

The CHAIRMAN. The gentleman from Michigan is recognized for 5 minutes.

Mr. LEA. Mr. Chairman, will the gentleman yield to permit me to submit a unanimous-consent request?

Mr. CRAWFORD. I yield.

Mr. LEA. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 12 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. CRAWFORD. Mr. Chairman, I think it is entirely unfair for any Member of the House who is not familiar with the record to get up and condemn the Interstate Commerce Commission for the apparent lack of accomplishment insofar as the truck division of that Commission is concerned. Those who are familiar with the record know that this House has denied that division of the Interstate Commerce Commission a reasonable amount of money to proceed with the work which was imposed upon it when we enacted the truck legislation. At no time, as the record will show, have we given the Commission adequate funds with which to operate and bring under control the tens of thousands of truck operators of this country which constitute a group that anyone will concede to be one of the most uncontrollable groups that was ever attempted to be put under supervision of a Federal authority.

Commissioner Rogers and his colleagues have repeatedly requested money which has not been granted to them, and today the entire truck-transportation industry insofar as the United States is concerned, including the shippers who now move overland, including those who may desire to so ship, and those who have their money invested in truck operations, are tied into a knot.

If you cannot get reasonable attention and if the Commission is greatly behind with its work, it is entirely because the Commission has never been by this House implemented with the funds and with the personnel. That is the reason they are behind. Nobody is to blame but the Members of the House, and I challenge anyone to take the record and refute that statement. Never has it been the disposition of the Commission to get or stay behind with its work. Railroad-minded men "arrive on time" unless there is ample reason for delay.

F. B. I. BUCK-PASSING DEAL

It reminds me of another buck-passing deal we have been participating in for the last few days, in that we are trying to load onto Mr. J. Edgar Hoover and the F. B. I. the alibi they are at fault in connection with insufficient funds with which to operate. All you have to do is to take the record and study the hearings, in which Mr. Cummings, the Attorney General, made it very clear to the Appropriations Committee what was necessary, in spite of what Mr. McMILLAN said the other day and what went into the RECORD under date of May 6. If I can get permission to revise and extend my remarks and quote the testimony, I will make a little show-up on that.

We are not justified in standing here and criticizing the I. C. C., because it has never been implemented with sufficient funds and it has never caught up with its work from the very beginning. The recession or depression, whatever you may call it, has piled work on that Commission in an immeasurable degree, and we are not providing sufficient additional funds.

Mr. RANDOLPH. Will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. In connection with the Federal Bureau of Investigation, would the gentleman not also desire to add that Mr. BACON, a member of the minority, agreed with Mr. McMILLAN in his statement and stated to that effect on this floor?

Mr. CRAWFORD. I do not know what the gentleman agreed to, but I know the hearings show that Mr. Cummings and others put the full facts in the RECORD and it has not been answered; yet we are trying to pass the buck and make it appear this has been the fault of Mr. Hoover. If I can get permission I will clear that up in the RECORD this evening.

From all parts of the United States I am receiving reports of the aroused feeling that prevails because of the inaction of Congress in meeting the emergency in the Federal Bureau of Investigation which has brought about a reduction of 50 percent of the number of special agents, or G-men, operating in the United States today.

I, for one, do not feel justified in beating my breast over the fact that Congress was so bold and brave, if you could call it that, to increase the Budget Bureau's estimate by a paltry $75,000 when the Director of the Federal Bureau of Investigation, for whom I am sure every Member of this body has the most profound respect, asked for an increase of over $500,000.

Press reports, later reprinted in the RECORD by unanimous consent under date of May 6, quote the gentleman from South Carolina [Mr. McMILLAN], chairman of the Appropriations Subcommittee, as saying:

"* * * if there be a shortage of funds as alleged the responsibility is not that of my committee nor of Congress, but rather the deficiency in funds must be laid at the doorstep of either the F. B. I. or the authorities controlling budgetary estimates."

CONGRESS ONLY CAN APPROPRIATE

Now in order that the people of the Nation will not be misled, and they will not be misled, we all know that the F. B. I. and the authorities controlling budgetary estimates are entirely without power to appropriate funds for the operation of the Government, which includes the Federal Bureau of Investigation. The F. B. I. can request the amount of funds its Director believes will be required for its operation during a fiscal year and the authorities controlling budgetary estimates can recommend an amount they believe the Bureau should have, but this Congress and the President of the United States have the final say as to the amount appropriated.

Wherein, then, can this Congress disregard the testimony of the Attorney General of the United States and the Director of the Federal Bureau of Investigation when they revealed before our committee that the Budget Bureau had slashed the amount estimated for their needs and then again have the matter called to our attention when the bill was up for debate—and still say to the Nation that the responsibility is not that of Congress?

Let me refer you to the testimony of the Attorney General of the United States before the Subcommittee on Ap-

propriations on Tuesday, January 12, 1937, when the Justice appropriation bill for 1938—in which this deficiency exists—was being considered.

On page 14 of those hearings you will find the following:

ESTIMATES FOR FEDERAL BUREAU OF INVESTIGATION

Mr. BACON. In reference to the amount of the estimate for the Bureau of Investigation, that is the same amount that you had for this year?

Mr. CUMMINGS. Yes.

Mr. BACON. Was that the amount that you requested the Bureau of the Budget to give you?

Mr. CUMMINGS. We asked for more.

Mr. BACON. That comes under the same general character of question as the question asked by the chairman of the committee?

Mr. MCMILLAN. Yes; I would like to have you tell us.

Mr. BACON. You have not said anything in your general statement about the Bureau of Investigation, and I was curious to know whether or not you had any comments to make.

Mr. CUMMINGS. Yes; I have, now that you asked me in such an insistent fashion.

We asked for $6,530,196 and the Budget gave us $5,925,000, which is a decrease of $605,196.

That, again, is a matter of policy as well as a matter of efficiency. Of course, you all know, because I have said it over and over again, how close that division is to my heart. We think about it, work for it, and figure on it all the time. Anything you do for that division makes me very happy.

On page 16 of the same hearings we find that the committee was definitely advised by the Attorney General of the need for the additional money, and from the following testimony I am unable to reconcile any other reasoning which would remove the blame from Congress:

Mr. MCMILLAN. As I understand it, the fingerprint and identification divisions are at the seat of government?

Mr. CUMMINGS. Yes.

Mr. MCMILLAN. And it is imperative to keep abreast of that work, regardless of what occurs in the field?

Mr. CUMMINGS. Absolutely.

Mr. MCMILLAN. To do that, you have to bring men from the field to keep up that work here at the seat of government?

Mr. CUMMINGS. That is it, exactly.

Mr. MCMILLAN. If that is true, is it your judgment that, if you are going to remedy that condition as well as supply the necessary number of men for the field force, and considering the force you now have, we ought to increase or exceed the Budget estimates?

Mr. CUMMINGS. I think if I were doing it I would increase the Budget, and I would increase the relative proportion of the Budget applicable to the seat of government.

Mr. MCMILLAN. As I understand your statement, you requested $605,000 over the amount allowed by the Budget?

Mr. CUMMINGS. Yes.

Mr. MCMILLAN. If a portion of the $605,000 were allowed and added to the item for the seat of government, increasing the limitation on that item, it would take care of your problem?

Mr. CUMMINGS. I think that would do it. It would certainly be a tremendous relief.

ATTORNEY GENERAL'S PLEA

Here on the 12th day of January 1937 the Congress of the United States was put on notice that the Bureau of the Budget had slashed over half a million dollars from the request made for the operation of the F. B. I. The record shows this great cut in the budget was revealed by the Attorney General to the committee upon the insistence of one of the committee members.

On the same day the Attorney General told this same committee:

In a general way, I think a proper observation is that the business of the Department of Justice has continued to expand in a very marked fashion. There is no let-up, stop, or cessation of the work that goes on there. It continually piles in on us and, as I have frequently said to this committee, the Department of Justice is one of the few departments, perhaps the only department, that cannot control the volume of its own business. We have to take what comes. If it comes in larger volume than before, we just have to handle it as well as we can within the facilities placed at our disposal.

Two days after the Attorney General had given his testimony before the committee Director Hoover went before the committee and revealed that in the calendar year 1936 the F. B. I. received an increase of 7,542 cases more than the total for the previous year and that on January 1, 1937, the Bureau had 15,580 pending cases, of which 6,689—or more than one-third—were unassigned. Director Hoover also pointed out that his agents in the field were being forced to work a total of 224,144 hours of overtime in 5 months in order to decently handle the jobs assigned to them.

The Director was asking for $337,160 additional for the employment of 81 new agents so that it would not be necessary to so overtax the agents already on the job. Mr. Hoover said:

Of course, that overtime and those excessive demands will eventually interfere with the efficiency of a man's work. It cannot help but do that.

Surely Congress cannot escape some responsibility when such a clear-cut statement is presented covering the strain under which the Federal Bureau of Investigation was operating at that time.

Now, let us move along in our consideration of the responsibility of Congress in connection with the Federal Bureau of Investigation and turn our calendars back to March 23, 1937, when the Department of Justice bill was being debated on the floor of this House.

On the previous day the gentlewoman from Indiana [Mrs. JENCKES] had made an eloquent address, appealing to Congress to keep faith with American mothers, American parents, and American womanhood. She said:

American women and especially mothers are demanding that this Congress give Attorney General Cummings and Mr. J. Edgar Hoover all the money and all of the men that they deem necessary in order to stamp out, for all times to come, kidnaping, white slavery, extortion, bank robbery, and other crimes, which have created so much suffering in recent years. If this House of Representatives refuses to appropriate the amount of money which Mr. J. Edgar Hoover originally requested and which he deems necessary and required for the efficient operation of the Federal Bureau of Investigation, then this House of Representatives and the Congress must stand responsible for any increase in kidnaping, white slavery, extortion, and other crimes.

HOUSE PUT ON GUARD

The House of Representatives was put on guard at that moment by the gentlewoman from Indiana of the great need of adequate funds in the Federal Bureau of Investigation. She made this further challenge:

But if this House of Representatives adopts a penny-wise and pound-foolish procedure and skimps and curtails the funds of this most important bureau in Federal service, we will be indirectly helping kidnapers and white slavers who fear the properly financed activities of the Federal Bureau of Investigation.

This House took the penny-wise path, and the next day when the gentlewoman from Indiana [Mrs. JENCKES] submitted an amendment proposing to increase the F. B. I. appropriation by $337,160 the chairman of the subcommittee, who now tells the press and the Nation that the deficiency must be laid at the doorstep of either the F. B. I. or the authorities controlling budgetary estimates, took the floor in opposition to the amendment.

Urging Congress to reject the amendment, the chairman of the subcommittee [Mr. MCMILLAN] declared on this floor:

I feel that the $75,000 this committee has put in here is about as far as we can go at this time, and for this reason I must regretfully say that it will be necessary to oppose the amendment offered by the gentlewoman from Indiana.

The chairman of the subcommittee heard the Attorney General tell that the Bureau of the Budget has cut the F. B. I. appropriation, and he heard the Director of the F. B. I. tell of the great increase in work and the amount of overtime necessary and the great number of cases pending which could not even be investigated. Then a Member of this House sounded a note of warning before this body. But Congress turned thumbs down on additional money for the Federal Bureau of Investigation.

In the face of these facts and the statement of the subcommittee chairman that the money granted "is about as far as we can go" where does the responsibility rest? There is certainly no place for it on the doorstep of the F. B. I. Perhaps some responsibility should go to the Bureau of the Budget for not fully recognizing the needs of the F. B. I., but in the final analysis it all comes back to Congress, which upheld its committee in denying additional funds in the face of the evidence before it.

F. B. I.'S OWN FIGURES

Now let us use a little simple arithmetic and let me repeat what I pointed out in this connection 1 week ago. In making his budget request for the F. B. I., the Attorney General asked for $6,530,196. The Bureau of the Budget cut it down to $5,925,000, but Congress raised the figure a trifle bringing the amount to an even $6,000,000. By subtraction we find Mr. Cummings' estimate was slashed $530,196 with the approval of Congress. Of this amount, $337,160 was requested for 81 additional agents to relieve the strained situation existing then and which still exists. These additional men were denied so that amount deducted from the $530,196 leaves a balance of $193,036 for operating expenses in 1938, according to F. B. I. estimates. With an already existing deficit of $65,000 and the necessary funds to give the Nation protection of the full force of agents instead of the half force now on duty, it is estimated $173,000 will be necessary. Therefore, was the original estimate of the F. B. I. far from correct?

SALARY LIE SPIKED

At this point I want to spike another lie which is making rounds and which is likely to appear in print in one of the Nation's metropolitan dailies within the next few hours. That is to the effect that certain salary increases made effective last January 1 is largely to blame for the crisis existing in the F. B. I. today.

It is true that a few small salary increases were made the first of the year to agents in reward for their faithful service, initiative, and extra long hours put in on the job. But on the 1st of April, when the present emergency started to become acute, the F. B. I. salary deficit amounted to only slightly more than $3,000.

A few salary increases were recommended to become effective on January 1, 1938. At the time, however, that increases were recommended there was no deficit in the item of "Field salaries." Subsequent to the granting of the increases a number of emergency matters which could not have been foreseen or anticipated developed, such as the Levine kidnaping case in February 1938; the unusual developments in the Ross kidnaping case in September 1937, the investigative results of which are well known; and then the unusual developments in the Fried kidnaping case. It was also necessary that a large concentration of agents be made in Harlan County, Ky., to conduct the necessary investigation in connection with the violence cases; and then, too, there were unexpected developments in the Kansas City election-fraud cases, necessitating investigations in 32 precincts. There remain 428 precincts to be investigated. As of May 1, 1938, some 97 convictions have been obtained and no acquittals, but the statute of limitations in all of these cases will run in November 1939, and it is necessary to keep a permanent force of agents assigned to these cases to bring them to a successful close. In addition, three extensive mail-fraud cases in Los Angeles arose.

In connection with the present deficit, it should not be overlooked that at the close of the fiscal year 1937, $109,402 was returned to the Treasury Department which was originally allotted to the F. B. I. and which, through efficient operation, was not used.

We are living on borrowed time. The underworld has been most generous in the last 10 days since half of our national force of G–men have been removed from their posts throughout the Nation. For the sake of the Nation, we had best not tarry longer. Let us accept the responsibility and appropriate an emergency $173,000 and get these agents back on the job.

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, last fall the Interstate Commerce Commission observed its fiftieth or golden anniversary, and any Commission that can survive for 50 years the vicissitudes of party politics, when Democrats are in power and Republicans are in power, needs no defense really on the floor of this House. I think there might be something added here that is rather illuminating and this might be an answer to the allegation made by the gentleman from New York as to why that Commission is so far behind with its work. Ordinarily if someone makes that charge in the Well of this House it sounds rather serious. It sounds rather serious to say that an agency is 18 months or 2 years behind with its work. Let us take this Motor Carrier Act that we put on the books 2 years ago as an example. After that act was put on the books and jurisdiction for its enforcement vested in the Interstate Commerce Commission, it first had to go to the Bureau of the Budget and get an appropriation, then it came before the Appropriations Committee of the House to justify the expenditure. I will not forget the first time I listened to those gentlemen from the Interstate Commerce Commission. After the Budget Bureau had pared them down to $3,000,000, they told our subcommittee it would take $7,000,000 to do the job, as I remember the figures correctly. How are you going to permit them to catch up with their work? How is there going to be any currency about their functions and activities if you give them less than half of what they asked the Bureau of the Budget for in the first place? That is the answer.

What answer did we make to their request? As I recall it, we said: "Do not proceed too fast. We do not want you to set up an agency down there that will be on a poor foundation. We want you to be very selective and cautious in your personnel; so we do not want you to have more than this amount of money in the first year, and in the second year, for the purpose of setting up this agency and getting your feet under you."

Now, then, if anybody is to blame for that kind of a commission, it is the Congress of the United States, and not an agency that has functioned so efficiently for 50 years and along with it, has grown in the esteem, regard, and affection of the American people as has no other agency. I am not afraid to repose my case with the Interstate Commerce Commission. [Applause.]

Mr. PETTENGILL. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, my own personal view is that the argument made by the gentleman from New York [Mr. WADSWORTH], the gentleman from Michigan [Mr. MAPES], and others on behalf of this matter eventually getting into the Interstate Commerce Commission insofar as the fixing of rates is concerned is what we must do. I went along with the majority of the committee only because they agreed to put down at the bottom of page 4 and at the top of page 5 of the report the recommendation that eventually this will get into the hands of the Interstate Commerce Commission as now or as later reconstituted.

Mr. Chairman, we are confronted here with a practical matter. The aeronautics industry of America is in a chaotic condition today. Many important air lines are threatened with receivership and insolvency. As a practical matter, I went along with the committee, believing that this is the only way to operate this year. We all know that legislation with respect to the Interstate Commerce Commission, the railroads and transportation facilities generally, has been pending and a study of the whole matter has been recommended by the President. We know we cannot act during this session of Congress, and it is imperative, Mr. Chairman, that we act now with reference to the aeronautics industry of America. It is for this reason, as a practical matter, that I recommend we adhere to the majority report, rather than the minority report, at this time.

At the next session of the Congress it is my hope that all rate-making business of all competing transportation agencies may be centered in the Interstate Commerce Commission, or some commission of that character, so that all of these competing agencies will be treated fairly and equitably

by the same agency, rather than have a struggle for jurisdiction and the expansion of authority by many competing agencies.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. MAPES].

The question was taken; and on a division (demanded by Mr. MAPES) there were—ayes 46, noes 72.

So the amendment was rejected.

Mr. LEA. Mr. Chairman, in view of the fact it seems impracticable to finish this bill tonight, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. RAYBURN] having assumed the chair, Mr. GRISWOLD, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 9738, had come to no resolution thereon.

MEMORIAL TO THE MEMORY OF NEWTON D. BAKER

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution 656.

The Clerk read the resolution, as follows:

House Joint Resolution 656

Resolved, etc., That the sum of $55,000 be, and the same is hereby, authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, for the erection of a memorial to the memory of Newton D. Baker, former Secretary of War of the United States, at Martinsburg, in the State of West Virginia, with the advice of the Commission of Fine Arts. The said sum shall be expended under the direction of the Secretary of the Interior: *Provided*, That the county of Berkeley or the citizens thereof shall cede and convey to the United States such suitable site as may in the judgment of the Secretary of the Interior be required for said memorial: *And provided further*, That the United States shall have no responsibility for the care and upkeep of the memorial.

Mr. RICH. Reserving the right to object, Mr. Speaker, may I ask the gentleman from West Virginia if this memorial has been approved by the new commission that was set up for the approval of monuments and parks?

Mr. RANDOLPH. I may say to the gentleman from Pennsylvania the amount as read was $55,000, but the amount has been reduced by the committee to $25,000. The resolution comes from the Committee on the Library with the unanimous approval of the full committee, including the gentleman from Massachusetts [Mr. TREADWAY] and the gentleman from New York [Mr. LORD]. This resolution is similar to the one passed for the gentleman from Ohio [Mr. WHITE] the other day in the same amount. The memorial would be erected with the advice of the Commission of Fine Arts.

Mr. RICH. The Committee on the Library does not have the authority of this Congress to pass upon these bills.

Mr. KELLER. Wherever the monument is within the District of Columbia we always refer the matter to that Commission, and that is as far as the Commission's powers go. We do not refer matters outside the District to the Commission as it has no power outside of the District of Columbia.

Mr. RICH. Does the gentleman refer to the bill passed here 2 years ago?

Mr. KELLER. Yes.

Mr. RICH. The gentleman is mistaken on that.

Mr. KELLER. No; I read up on the question.

Mr. RICH. That bill was passed for the purpose of having approved by that Commission any monument or park or recreation ground to be established by the Government.

Mr. KELLER. The gentleman is mistaken. I looked the matter up after the gentleman called my attention to it, and the gentleman is wrong on that.

Mr. RICH. Mr. Speaker, at this time I must object to the consideration of the bill, until the approval of that commission has been obtained.

EXTENSION OF REMARKS

Mr. PETTENGILL, Mr. MAVERICK, and Mr. MURDOCK of Arizona asked and were given permission to extend their own remarks in the RECORD.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made a few moments ago and include therein some brief testimony by the Attorney General and a quotation of one paragraph from the RECORD of May 6.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. SNELL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a letter I received today from one of my constituents.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a radio speech I delivered recently, also a telegram I have received from my colleague, the gentleman from New York [Mr. KELLY].

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

NATIONAL LABOR RELATIONS BOARD

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Missouri [Mr. ANDERSON] is recognized for 10 minutes.

Mr. ANDERSON of Missouri. Mr. Speaker, as a member of the Military Affairs Committee of this House I feel it my duty to call your attention to a condition that strikes at the fundamentals of our national defense.

The backbone of our national defense is our Air Corps, and particularly our G. H. Q. air force, which consists mainly of bombers and protective aircraft.

The effectiveness of our air force is dependent upon the output, efficiency, morale, and above all, integrity of our aircraft factories. I do not think anyone in this House cares to dispute the truth of that statement.

But, Mr. Speaker, we have an agency of this Government that openly disregards every elementary rule of fair conduct and places the defenses of our Nation in a position of imminent peril.

One of the most glaring examples of bias, unfairness, and utter disregard of the law of the land handed down so far by the National Labor Relations Board is in the case against the Douglas Aircraft Co., Inc., of Santa Monica, Calif.

Mr. Speaker, the Douglas Co. manufactures a large percentage of the aircraft used by the Army and Navy. Their latest production is the big superbomber known as the B–18. It is a long-range bimotored bomber, generally recognized as an integral and indispensable unit in our scheme of national defense.

The National Labor Relations Board just recently handed down a decision ordering the Douglas Co. to reinstate a group of employees who were convicted of seizing the Douglas plant by means of unlawful violence. Among those ordered reinstated, with back pay, was one convicted of a felony, Jack (Red) Ortman, an alien who had secured employment by concealing his foreign citizenship.

This Mr. Ortman, this alien, was one of the ringleaders in the unlawful seizure of the Douglas plant. The official transcript of this case is full of references to him as one of those who broke down the barricade protecting the hangar and the experimental Army bomber. He was also identified as the man who was leader of the group which placed pans of highly inflammable lacquer thinner around the Army bomber and made ready with a welding outfit to set it and the entire Douglas factory afire. But this is only a part of it.

At the time of the seizure of the Douglas plant by just 350 or approximately 4,023 employees of the Douglas Co. this company had outstanding and in full force certain contracts with the United States Government for the building and delivery on schedule of airplanes for the Army, notably these B–18 bombers.

Every contract executed by the Secretary of War for the United States Government for the procurement of airplanes for the Army contains a provision that the contract is executed pursuant to section 10 of the Air Corps Act of July 2, 1936 (44 Stat. L., ch. 721), which statute provides as follows:

* * * And no aliens employed by a contractor for furnishing or constructing aircraft or aircraft parts or aeronautical accessories for the United States shall be permitted to have access to the plans and specifications or the work under construction, or to participate in the contract trials without the written consen beforehand of the Secretary of the Department concerned.

Now, at the time of the seizure of the Douglas plant it was not known that Jack Ortman was an alien. Immediately after the sit-down strike and the unlawful seizure of the Douglas plant, and after indictment of the sit-down strikers by the grand jury of Los Angeles County and the ejection of the strikers from the plant, the Douglas Co. was informed that Ortman had approached the district attorney with the view of making some sort of compromise whereby he might not be convicted of a felony under the indictment as issued.

Ortman explained to the district attorney that he was an alien and not a citizen of the United States, and if convicted of a felony would be automatically subject to deportation.

The Douglas Co.'s first notice was received after Ortman made his contact with the district attorney. He had not given the company any indication that he was an alien at the time he was hired. The Douglas Co. verified the fact that he was an alien, produced this fact in evidence at the hearing before the National Labor Relations Board, and said that he was ineligible under the Air Corps Act and for other reasons for reinstatement at the Douglas plant.

Now, what did the Labor Relations Board do?

Despite the fact that the Air Corps Act provides that no alien can be employed in the construction of military aircraft, the Labor Board found that this Mr. Ortman, this alien, was discriminated against because of union activities. The Board then ordered him reinstated with back pay.

Now, Mr. Speaker, let us all get the significance of this. Here is a man employed in an aircraft factory—the fact that he is an alien not being known to the employer—one of a small group who threatens and makes ready to destroy the plant and the Army equipment therein; a man who is arrested, indicted, and convicted by a jury of a felony, and it develops he is an alien.

The fact that this man is an alien was verified and admitted under oath by Ortman in the hearing before the National Labor Relations Board. Now, this Board knows he is an alien, knows he is ineligible for reinstatement because he is an alien, knows that the Air Corps Act prevents his reinstatement, but it defies the law, disregards the evidence, seriously imperils the national defense, and orders the company to rehire him with back pay, on the grounds that he had been discriminated against for union activities. The Labor Board totally disregarded the fact that the Air Corps Act prohibited the rehiring of this alien.

Through what line of reasoning could anyone interested in the welfare of his country make such a ruling? How, Mr. Speaker, can we protect ourselves? Under this ruling any alien wanting to learn the secrets of our national defense might so hide his record as to obtain employment at an aircraft plant, start a so-called labor controversy and be ordered rehired by the Labor Board despite the fact that he is an alien and had access to the military secrets of this Nation.

In all my years in public and private life I have never seen such arrogant and flagrant violation of public confidence as in this ruling. In the name of God how are we going to protect our Nation against this sort of outrageous conduct by an agency of the Government itself?

Is this House going to sit idly by and permit the National Labor Relations Board to approve and sanction this condition when the Government is doing everything in its power to maintain and preserve the national-defense program laid down by President Roosevelt? [Applause.]

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. PHILLIPS (at the request of Mr. SMITH of Connecticut), for 1 day, on account of important business.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 6652. An act to provide for the administration and maintenance of the Natchez Trace Parkway in the States of Mississippi, Alabama, and Tennessee, by the Secretary of the Interior, and for other purposes; and

H. R. 9725. An act to liberalize the provisions of existing laws governing death-compensation benefits for widows and children of World War veterans, and for other purposes.

BILLS AND JOINT RESOLUTIONS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and joint resolutions of the House of the following titles:

H. R. 906. An act for the relief of McShain Co., Inc.;

H. R. 1099. An act for the relief of the New York & Baltimore Transportation Line, Inc.;

H. R. 1249. An act for the relief of L. M. Crawford;

H. R. 1258. An act for the relief of E. G. Briseno and Hector Briseno, a minor;

H. R. 1904. An act for the relief of Florenz Gutierrez;

H. R. 1930. An act for the relief of William H. Ames;

H. R. 2006. An act to permit certain special-delivery messengers to acquire a classified status through noncompetitive examination;

H. R. 3609. An act to protect the salaries of rural letter carriers who transfer from one rural route to another;

H. R. 4018. An act for the relief of Orville Ferguson;

H. R. 4275. An act to correct United States citizenship status of certain persons born in Puerto Rico, and for other purposes;

H. R. 4340. An act for the relief of J. F. Stinson;

H. R. 4564. An act for the relief of the Floridian Press of Jacksonville, Inc., Jacksonville, Fla.;

H. R. 4819. An act for the relief of Joseph Zani;

H. R. 5056. An act for the relief of A. R. Wickham;

H. R. 5623. An act for the relief of Darwin Engstrand, a minor;

H. R. 5842. An act for the relief of John G. Edwards;

H. R. 5867. An act for the relief of Peter Wettern;

H. R. 6062. An act for the relief of Harry P. Russell, a minor;

H. R. 6479. An act for the relief of Guy Salisbury, alias John G. Bowman, alias Alva J. Zenner;

H. R. 6656. An act making the 11th day of November in each year a legal holiday;

H. R. 6708. An act for the relief of S. T. Roebuck;

H. R. 6780. An act for the relief of Mildred G. Yund;

H. R. 6803. An act for the relief of Mrs. Newton Petersen;

H. R. 6885. An act for the relief of Ephriam J. Hicks;

H. R. 7259. An act to authorize the conveyance by the United States to the city of Ketchikan, Alaska, of a certain tract of land in the town site of Ketchikan;

H. R. 7443. An act for the relief of Wilson H. Parks, Elsa Parks, and Jessie M. Parks;

H. R. 7500. An act for the relief of Shelba Jennings;

H. R. 7521. An act for the relief of Joe F. Pedlichek;

H. R. 7601. An act for the relief of Eula Scruggs;

H. R. 7675. An act for the relief of Newark Concrete Pipe Co.;

H. R. 7796. An act for the relief of Frank Scofield;

H. R. 8403. An act to ratify and confirm Act 23 of the Session Laws of Hawaii, 1937, extending the time within which revenue bonds may be issued and delivered under Act 174 of the Session Laws of Hawaii, 1935;

H. R. 9042. An act to amend section 2 of the act to incorporate the Howard University;

H. R. 9198. An act for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department;

H. R. 9226. An act to amend the act of March 9, 1928, authorizing appropriations to be made for the disposition of remains of military personnel and civilian employees of the Army, and for other purposes;

H. R. 9286. An act to extend the time for completing the construction of a bridge across the Ohio River at or near Cairo, Ill.;

H. R. 9349. An act for the relief of the Nicolson Seed Farms, a Utah corporation;

H. R. 9415. An act to amend the act entitled "An act to establish a Civilian Conservation Corps, and for other purposes", approved June 28, 1937;

H. R. 9526. An act to amend the act of May 27, 1908, authorizing settlement of accounts of deceased officers and enlisted men of the Navy and Marine Corps;

H. R. 9601. An act to amend the acts for promoting the circulation of reading matter among the blind;

H. R. 9760. An act to amend the act of March 2, 1899, as amended, to authorize the Secretary of War to permit allotments from the pay of military personnel and permanent civilian employees under certain conditions;

H. R. 9764. An act to authorize an appropriation for reconstruction at Fort Niagara, N. Y., to replace loss by fire;

H. R. 9784. An act to authorize an appropriation to aid in defraying the expenses of the observance of the seventy-fifth anniversary of the Battle of Gettysburg, to be held at Gettysburg, Pa., from June 29 to July 6, 1938, and for other purposes;

H. R. 9912. An act to convey to the University of Alaska a tract of land for use as the site of a fur farm experiment station;

H. R. 9942. An act to authorize the conveyance of the Mattapoisett (Ned Point) Lighthouse Reservation at Mattapoisett, Mass., to the town of Mattapoisett;

H. R. 9973. An act to improve the efficiency of the Lighthouse Service, and for other purposes;

H. R. 10085. An act to authorize the payment of an indemnity to the Norwegian Government in full and final satisfaction of all claims based on the detention and treatment of the crew of the Norwegian steamer *Sagatind* subsequent to the seizure of this vessel by the United States Coast Guard cutter *Seneca* on October 12, 1924;

H. R. 10316. An act to amend section 203 of the Merchant Marine Act, 1936, and for other purposes;

H. J. Res. 141. Joint resolution to authorize the issuance to Sekizo Takahashi of a permit to reenter the United States;

H. J. Res. 150. Joint resolution to permit a compact or agreement between the States of Idaho and Wyoming respecting the disposition and apportionment of the waters of the Snake River and its tributaries, and for other purposes;

H. J. Res. 599. Joint resolution to set apart public ground for the Smithsonian Gallery of Art, and for other purposes; and

H. J. Res. 636. Joint resolution to authorize an appropriation for the expenses of participation by the United States in the Fourth International Conference on Private Air Law.

ADJOURNMENT

Mr. LEA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 39 minutes p. m.) the House adjourned until tomorrow, Tuesday, May 10, 1938, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON NAVAL AFFAIRS

There will be a full open hearing before the Committee on Naval Affairs Tuesday, May 10, 1938, at 10 a. m. for the continuation of consideration of H. R. 9220, to authorize the Secretary of the Navy to proceed with certain improvements at the Naval Torpedo Station, Newport, R. I.; and H. R. 10433, to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes.

COMMITTEE ON THE DISTRICT OF COLUMBIA

The subcommittee on fiscal affairs of the Committee on the District of Columbia will meet at 10:30 a. m. Tuesday, May 10, 1938, to consider H. R. 8674—increase of wages for guards and prison employees.

COMMITTEE ON THE JUDICIARY

Subcommittee No. 1 of the Committee on the Judiciary will hold further hearings on the bill (H. R. 9745) to provide for guaranties of collective bargaining in contracts entered into and in the grant or loans of funds by the United States, or any agency thereof, and for other purposes, at 10 a. m. Tuesday, May 10, 1938, in the Judiciary Committee room, No. 346, House Office Building.

There will be a hearing held before the Committee on the Judiciary Wednesday, May 18, 1938, and Thursday, May 19, 1938, on the resolutions proposing to amend the Constitution of the United States to provide suffrage for the people of the District of Columbia. The hearing will be held in the caucus room of the House Office Building beginning at 10 a. m. on the days mentioned.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization on Wednesday, May 11, 1938, at 10:30 a. m., for the consideration of private bills and unfinished business. Room 445, House Office Building.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of Mr. LEA's subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m. Wednesday, May 11, 1938, for the continuation of a hearing on (H. R. 9909) wool labeling.

There will be a meeting of Mr. MALONEY's subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m. Friday May 13, 1938. Business to be considered: Hearing on H. R. 4358, train dispatchers' bill.

There will be a meeting of Mr. SADOWSKI's subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m. Wednesday, May 18, 1938, for the consideration of H. R. 9739, to amend the Motor Carrier Act.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1304. A letter from the United States Greater Texas and Pan American Exposition Commission, transmitting the report to Congress of the Government of the United States participation in the Greater Texas and Pan American Exposition at Dallas, Tex., during the year 1937 (H. Doc. No. 622); to the Committee on Foreign Affairs and ordered to be printed.

1305. A communication from the President of the United States, transmitting supplemental estimate of appropriation for the fiscal year 1938, amounting to $108,000, for the Department of Justice (H. Doc. No. 625); to the Committee on Appropriations and ordered to be printed.

1306. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the legislative establishment, United States Senate, for the fiscal year 1938, in the sum of $65,000 (H. Doc. No. 624); to the Committee on Appropriations and ordered to be printed.

1307. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the fiscal year 1939 for the Navy, Treasury, and War Departments, amounting in all to $6,065,000 (H. Doc. No. 623); to the Committee on Appropriations and ordered to be printed.

1308. A communication from the President of the United States transmitting an appropriation for the administrative expenses of the various departments and establishments, including the Puerto Rico Reconstruction Administration, in connection with the relief program for the fiscal year 1939, $50,000,000 (H. Doc. No. 626); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ELLIOTT: Committee on the Public Lands. H. R. 6591. A bill to exempt from cancelation certain desert-land entries in Riverside County, Calif; without amendment (Rept. No. 2313). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROMJUE: Committee on the Post Office and Post Roads. H. R. 2690. A bill granting annual and sick leave with pay to substitutes in the Postal Service; with amendment (Rept. No. 2314). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOUGHTON: Committee on Ways and Means. H. R. 10535. A bill to amend the Second Liberty Bond Act, as amended; without amendment (Rept. No. 2315). Referred to the Committee of the Whole House on the state of the Union.

Mr. HAINES: Committee on the Post Office and Post Roads. H. R. 2716. A bill to provide for the local delivery rate on certain first-class mail matter; with amendment (Rept. No. 2316). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 8661) for the relief of Roy Masters Worley and the same was referred to the Committee on Military Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LEMKE: A bill (H. R. 10570) to relieve the existing national economic emergency by postalizing transportation rates; to provide for the coordination, equalization, and reduction of transportation fares and charges for the purpose of inducing the increased use and employment of railroad facilities; to provide emergency relief with respect to such coordination, equalization, and reduction of transportation fares and charges; to provide for the incorporation of the Railroad Postalized Fare Guaranty Corporation in order to allot and apportion just and equitable indemnification to the railroad carriers; to provide an appropriation for extraordinary expenses incurred by reason of such emergency; to provide for the orderly application of such emergency relief; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. CLARK of Idaho: A bill (H. R. 10571) providing for a moratorium on mortgages held by the Farm Credit Administration, and for other purposes; to the Committee on Agriculture.

By Mr. MARTIN of Colorado: A bill (H. R. 10572) to amend sections 811 (b) and 907 (c) of the Social Security Act; to the Committee on Ways and Means.

By Mr. WELCH: A bill (H. R. 10573) to authorize operating subsidy contracts for vessels engaged in the intercoastal commerce of the United States, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. JOHNSON of Minnesota: A bill (H. R. 10574) to abolish and correct unfair and substandard working conditions and periods of labor and to raise wages and living standards among the employees of the United States Veterans' Administration; to the Committee on the Civil Service.

By Mr. COX: A bill (H. R. 10575) declaring Devil's Den Springs, in Decatur County, Ga., to be nonnavigable; to the Committee on Rivers and Harbors.

By Mr. COLLINS: A bill (H. R. 10576) to authorize the appropriation to the Government of the Virgin Islands of the United States of taxes collected under the internal-revenue laws of the United States on articles produced in the Virgin Islands and transported to the United States, and for other purposes; to the Committee on Ways and Means.

By Mr. SMITH of Maine: A bill (H. R. 10577) to extend the provisions of the act entitled "An act for the establishment of marine schools, and for other purposes," approved March 4, 1911, to marine schools at Rockland, Maine; to the Committee on Naval Affairs.

By Mr. LEMKE: Resolution (H. Res. 494) directing the Interstate Commerce Commission to investigate the practicability of the plan to postalize passenger transportation; to the Committee on Interstate and Foreign Commerce.

My Mr. O'CONNOR of New York: Resolution (H. Res. 495) providing for the consideration of House Resolution 478, a resolution making S. 2475, "An act to provide for the establishment of fair labor standards in employment in and affecting interstate commerce, and for other purposes," a special order of business; to the Committee on Rules.

By Mr. WOODRUM: Joint resolution (H. J. Res. 678) making an additional appropriation for grants to States for unemployment compensation administration, Social Security Board, for the fiscal year ending June 30, 1938; to the Committee on Appropriations.

By Mr. TAYLOR of Colorado: Joint resolution (H. J. Res. 679) making appropriations for work relief, relief, and otherwise to increase employment by providing loans and grants for public works projects; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOLAND of Pennsylvania: A bill (H. R. 10578) for the relief of Mary Frost and Joseph F. Frost; to the Committee on Claims.

By Mr. COX: A bill (H. R. 10579) for the relief of J. D. McGee; to the Committee on Claims.

Also, a bill (H. R. 10580) for the relief of C. J. Williams; to the Committee on Claims.

By Mr. FRIES of Illinois: A bill (H. R. 10581) for the relief of William H. Harris; to the Committee on Military Affairs.

Also, a bill (H. R. 10582) for the relief of Fred T. Gordon and Bert N. Richardson; to the Committee on Claims.

By Mr. HOBBS: A bill (H. R. 10583) for the relief of Tom M. Jones; to the Committee on Claims.

By Mr. REECE of Tennessee: A bill (H. R. 10584) for the relief of Charles Flack; to the Committee on Claims.

Also, a bill (H. R. 10585) granting a pension to W. C. Ryan; to the Committee on Invalid Pensions.

By Mr. RICH: A bill (H. R. 10586) for the relief of James T. Crowley; to the Committee on the Civil Service.

By Mrs. ROGERS of Massachusetts: A bill (H. R. 10587) for the relief of Francis G. McDougall; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

5069. By Mr. COFFEE of Washington: Resolution of the thirty-first district assembly of the Washington Commonwealth Federation at Renton, Wash., Mildred McK. Jones, secretary, urging passage of the O'Connell joint resolution (H. J. Res. 527) as the best means to stop America's indirect aid to Fascist enemies and to remove the penalties which our present Neutrality Act places upon friendly democratic nations defending themselves against international marauders; to the Committee on Foreign Affairs.

5070. Also, resolution of the Sawmill and Timber Workers' Union, Local No. 2, of the I. W. A., at Aberdeen, Wash., Art Anderson, recording secretary, opposing sale of helium gas to any foreign nation, and especially Nazi Germany; opposing any changes in the Wagner Labor Relations Act; endorsing and urging passage of the wage and hour bill; and supporting the President's efforts to bring about recovery by an expanded spending program; to the Committee on Appropriations.

5071. By Mr. CROWTHER: Petition of the League of Women Voters, Schenectady, N. Y., Consumers' Cooperative, Inc., Local 333, U. R. E. A., and citizens of Schenectady, N. Y., requesting favorable action on the O'Connell amendment to House Joint Resolution 527; to the Committee on Foreign Affairs.

5072. By Mr. Fitzpatrick: Petition of the staff of the Yonkers Public Library, Yonkers, N. Y., urging the support of the Harrison-Thomas-Fletcher bill (H. R. 10340) for Federal aid to education, including libraries; to the Committee on Education.

5073. Also, petition of the Parents' Association of Public School No. 38, Bronx, New York City, N. Y., protesting against the dismissal of any G-men resulting from the cut in the appropriations for the Federal Bureau of Investigation and favoring the passage of the new bill appropriating the sum required to carry on the splendid work of the G-men; to the Committee on Appropriations.

5074. By Mr. LUTHER A. JOHNSON: Petition of Dr. I. R. McCollough, of Hillsboro, Tex., favoring House bill 8176, by Representative EDMISTON; to the Committee on Military Affairs.

5075. By Mr. KRAMER: Resolution of the Board of Supervisors of the County of Los Angeles relative to urging the passage of House bill 9047; to the Committee on Interstate and Foreign Commerce.

5076. Also, resolution of the Board of Supervisors of the County of Los Angeles, relative to Federal aid to the States for highway purposes, etc.; to the Committee on Appropriations.

SENATE

TUESDAY, MAY 10, 1938

(Legislative day of Wednesday, April 20, 1938)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, May 9, 1938, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4276) to amend the act entitled "An act to create a juvenile court in and for the District of Columbia," and for other purposes.

The message also announced that the House had disagreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7084) to provide that all cabs for hire in the District of Columbia be compelled to carry insurance for the protection of passengers, and for other purposes; that the House insisted upon its disagreement to the amendments of the Senate to the said bill, asked a further conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. PALMISANO, Mr. NICHOLS, and Mr. DIRKSEN were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 6652. An act to provide for the administration and maintenance of the Natchez Trace Parkway, in the States of Mississippi, Alabama, and Tennessee, by the Secretary of the Interior, and for other purposes; and

H. R. 9725. An act to liberalize the provisions of existing laws governing death-compensation benefits for widows and children of World War veterans, and for other purposes.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson, Colo.	O'Mahoney
Andrews	Davis	King	Overton
Ashurst	Dieterich	La Follette	Pittman
Austin	Donahey	Lee	Pope
Bailey	Duffy	Lodge	Radcliffe
Bankhead	Ellender	Logan	Russell
Barkley	Frazier	Lonergan	Schwartz
Bilbo	George	Lundeen	Schwellenbach
Bone	Gerry	McAdoo	Sheppard
Borah	Gibson	McCarran	Shipstead
Brown, Mich.	Gillette	McGill	Thomas, Okla.
Brown, N. H.	Glass	McKellar	Thomas, Utah
Bulow	Hale	McNary	Townsend
Burke	Harrison	Maloney	Truman
Byrd	Hatch	Miller	Tydings
Byrnes	Hayden	Milton	Vandenberg
Capper	Herring	Minton	Van Nuys
Caraway	Hill	Murray	Walsh
Chavez	Hitchcock	Neely	White
Clark	Holt	Norris	
Connally	Johnson, Calif.	Nye	

Mr. MINTON. I announce that the Senator from Delaware [Mr. HUGHES] and the Senator from Oregon [Mr. REAMES] are detained from the Senate because of illness.

The Senator from Tennessee [Mr. BERRY], the Senator from Ohio [Mr. BULKLEY], the Senator from Rhode Island [Mr. GREEN], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Illinois [Mr. LEWIS], the Senator from Florida [Mr. PEPPER], the Senator from North Carolina [Mr. REYNOLDS], the Senator from New Jersey [Mr. SMATHERS], the Senator from South Carolina [Mr. SMITH], and the Senator from New York [Mr. WAGNER] are detained on important public business.

The Senator from Montana [Mr. WHEELER] is unavoidably detained.

Mr. AUSTIN. I announce that the Senator from New Hampshire [Mr. BRIDGES] is necessarily absent from the Senate.

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

JUVENILE COURT FOR THE DISTRICT OF COLUMBIA

Mr. KING submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4276) to amend an act entitled "An act to create a juvenile court in and for the District of Columbia," and for other purposes, having met,